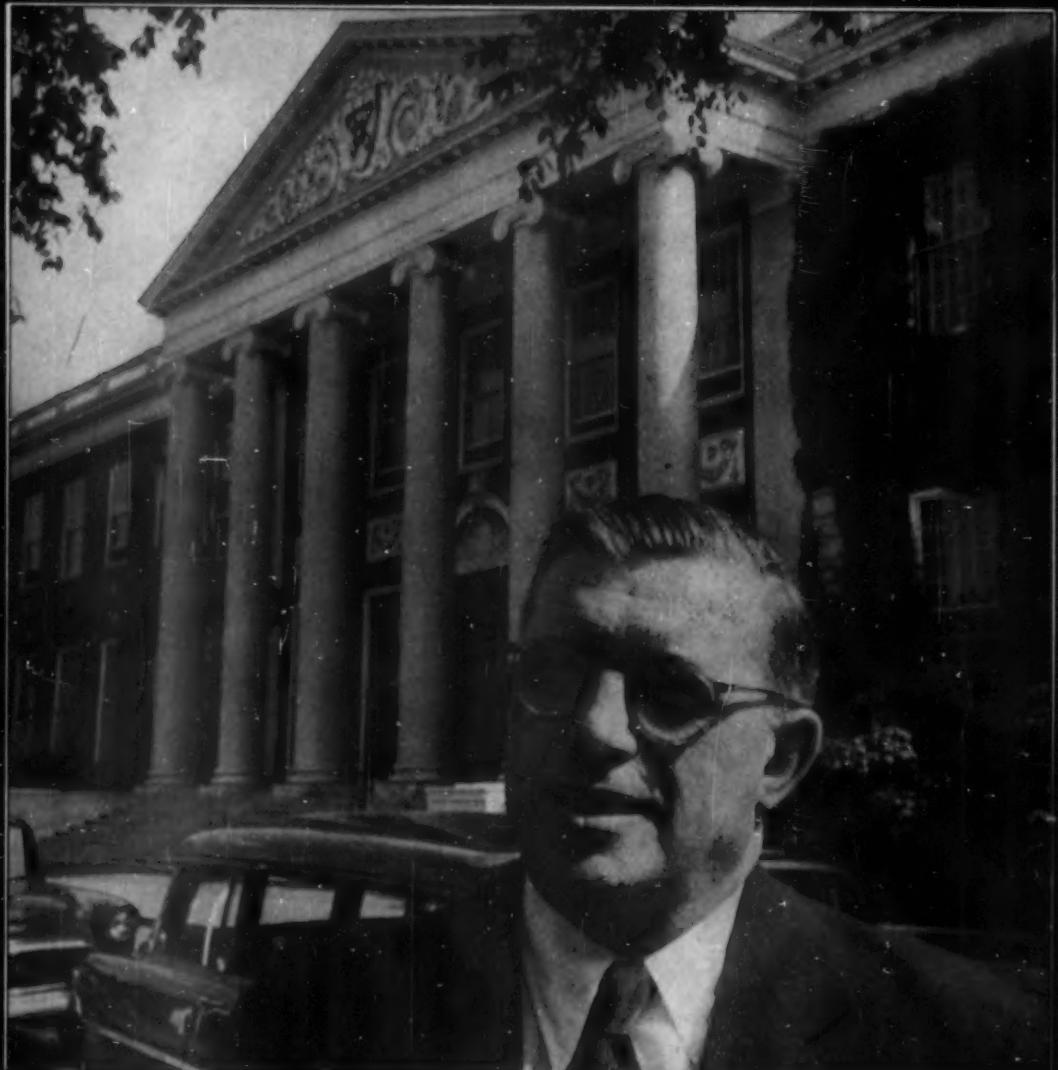


# BUSINESS WEEK

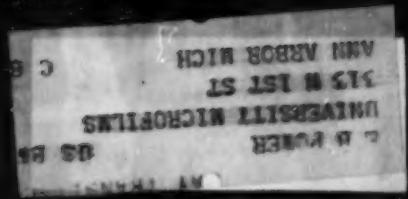
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PAGE 22



Dean Stanley F. Teele: For Harvard's B-School, an educator, not a businessman (page 64)

A McGRAW-HILL PUBLICATION

JUNE 25, 1955



MOTOR CARGO, INC.



**"National Accounting Machines save us \$60,200 a year...  
return \$1.44 annually for every \$1.00 invested!"**

—MOTOR CARGO, INC., Akron, Ohio

"National Accounting Machines save us \$60,200 annually. They return their cost about every eight months . . . a 144% annual return on our investment.

"We purchased two National machines especially designed to analyze the revenue from nearly a MILLION freight bills a year. Eight months later these machines had returned their cost in savings . . . at the rate of one and eight-tenths cents a bill. On accounts payable, cash receipts, op-

erations records and payroll, we are now using 6 additional Nationals, which have multiplied our total savings several times."

President  
Motor Cargo, Inc.

**MOTOR CARGO**, one of the world's largest motor freight carriers, operates "America's most modern truck terminal" where freight never stops moving.

*In your business, too, National machines will pay for themselves with the money they save, then continue savings as annual profit. Your nearby National man will gladly show how much you can save—and why your operators will be happier.*

**THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO**  
977 OFFICES IN 94 COUNTRIES

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RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER



Ore carrier made by Gummee Bros. Mfg. Co., South Haven, Mich.

## Here comes uranium for the atomic submarine

### *A typical example of B. F. Goodrich improvement in rubber*

OUT of that hole comes the powerful stuff that will make atomic fuel. Climbing up the narrow, twisting tunnels of the uranium mine are trucks so small and compact that there's no room for clutch and gears. Instead they use V belts to run them. But for a while this type of truck wasn't practical because the belts kept breaking. They sometimes lasted only a few days.

All kinds of belts were tried but they couldn't stand the jolting starts and stops, heavy loads, rough driving. Some would snap like pieces of string.

Then the manufacturer heard about

Grommet belts invented by B. F. Goodrich engineers. The grommets are two extra strong cord loops inside the belts, like twisted cables except they're endless. High-capacity Grommet belts were put on the trucks. They're so much stronger they last months instead of days.

Product improvement like this is always going on at B. F. Goodrich. New ways are constantly being found to make V belts, conveyor belts and hose work better, last longer. No product is ever regarded as "finished" or standardized.

*How this cuts your costs:* Biggest cost savings come almost always from top performance rather than lowest prices. If you use rubber products, remember B. F. Goodrich is one company that will never lower its quality standards. This means you can be sure of top performance and real money savings when you buy from your B. F. Goodrich distributor. *The B. F. Goodrich Company, Dept. M-449, Akron 18, Ohio.*

Gummee - T. M. The B. F. Goodrich Co.

**B.F. Goodrich**  
**INDUSTRIAL PRODUCTS**  
**DIVISION**

## THE MAN SAYS "NO"



But almost 11 million PARADE readers said "yes" to this picture and stopped to read PARADE's recent story on new-born babies.

Fresh, off-beat stories like this make PARADE the best read magazine in the country, according to independent surveys, and give advertisers twice as many readers per dollar as the big weekday magazines.

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**PARADE...The Sunday magazine section of 47 fine newspapers in 47 major markets...with more than 14½ million readers every week.**

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# Now! New! What'll

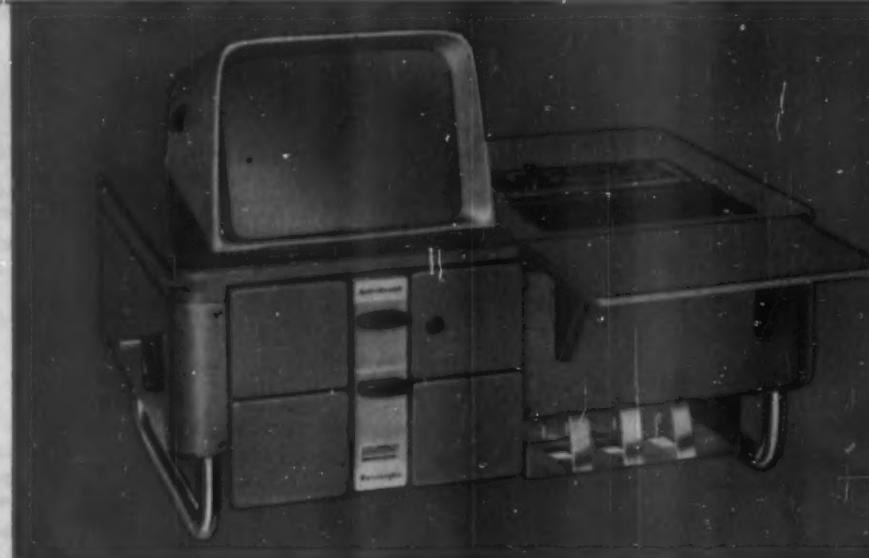
## The New Model 205 Microfilm Recorder

For situations where you want a separate recorder, we recommend this compact equipment. It's actually a Micro-Twin with the Reader removed, thus giving you extra working space. See right-hand column for details.



## The Micro-Twin Recorder-Reader

Here is the revolutionary new microfilming machine that has put the penny back into business! Imagine . . . you get a recorder and reader in one unit for less than you'd expect to pay for a recorder alone!



**Bell & Howell**  
MICROFILM EQUIPMENT

SOLD AND SERVICED BY  
**Burroughs**

# you have?



## We've got the low-cost answers to your microfilming problems!

If you keep records, here's the greatest microfilming news in years!

Whatever your needs, Burroughs and Bell & Howell bring you a new, modern, low-cost line of microfilming equipment to do the job quickly, efficiently and economically.

The bellwether, of course, is the marvelous Micro-Twin Recorder-Reader in one unit. Businesses of every size and description find it gives them a complete microfilming system at a price never before possible—in fact, for less than they had expected to pay for a recorder alone!

### The New Model 206 Microfilm Reader

For times and places where separate Readers are needed. This handy portable Reader weighs only 16 pounds, projects 8-, 16-, or 35-mm. film with the same lens and film guide. The image can be completely rotated on the reader screen.

Look at these  
Burroughs-Bell & Howell  
microfilming features!

**AUTOMATIC ENDORSING** with the new automatic check endorser. Clean, fast, easy, accurate endorsing during microfilming. No more partial endorsements or total blanks. Always complete, distinct, and in the proper position.

**AUTOMATIC FEEDING** with the optional Acro-Feeder. Feeds documents into the Micro-Twin or Model 205 Recorder as fast as operator can prepare. Fast hand-feeding at a high recording speed, too.

**EXCLUSIVE INDEXING METER** facilitates rapid location of desired items. One dial indicates movement of film through camera, the other shows movement of film through viewer.

**LOW FILM COST**—Record front and back of document side-by-side simultaneously, or print down one half of film and up other half.

**CHOICE OF LENSES**—Either 37 to 1 reduction ratio camera lens, or 24 to 1 lens for hard-to-read material, is available in both the Micro-Twin and Model 205 Recorder. Your choice of interchangeable 37 to 1 or 24 to 1 lenses in the Model 206 Reader too.

**CLEAR VIEWING**—even at high noon! And to make facsimile prints in the Micro-Twin, just place photocopy paper in the viewer and process the print in a moment. You don't even need a darkroom!

### Two All-New Products!

Now, to accommodate the needs of every firm, in every situation, we proudly present the new Model 205 Recorder and the new Model 206 Reader. These great new units give complete flexibility to your record-keeping operations.

Now, more than ever before, when you think of microfilming, think of Burroughs! For a demonstration, call our nearest branch office—listed in your phone directory. Burroughs Corporation, Detroit 32, Michigan.

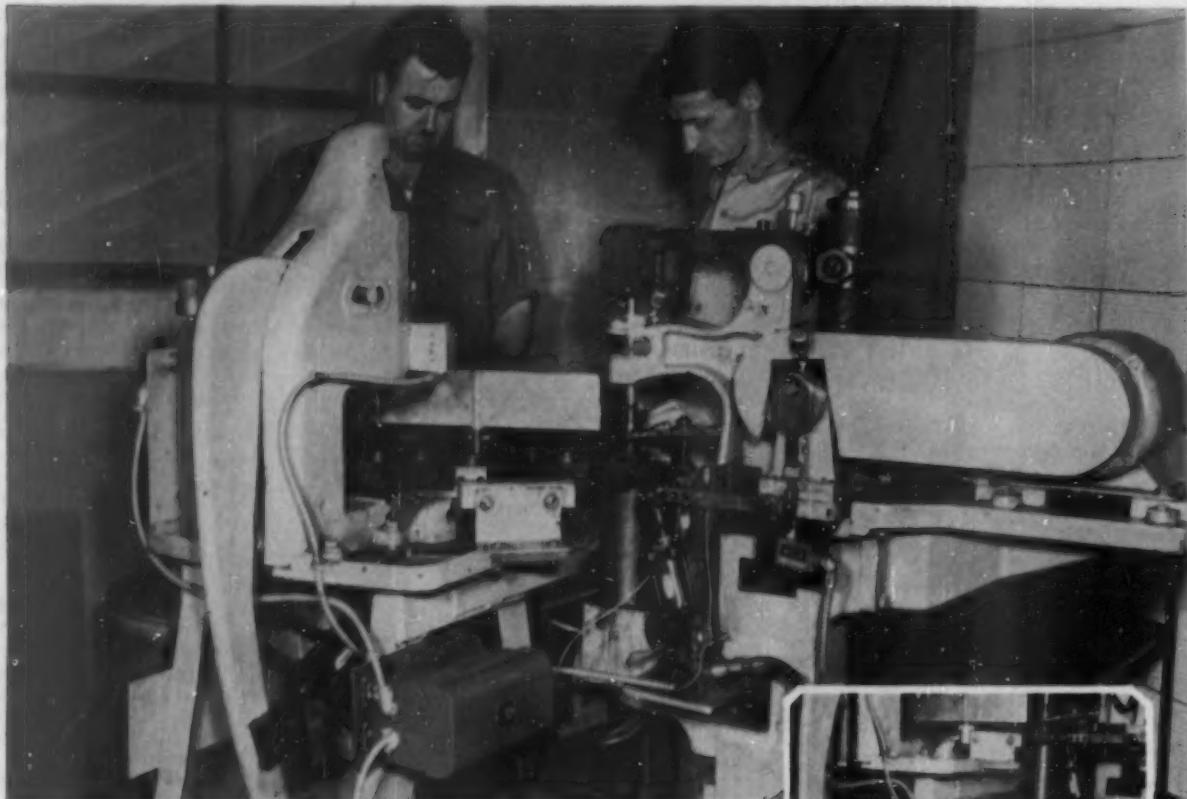
WHEREVER THERE'S BUSINESS THERE'S  
**Burroughs**

"Burroughs" and "Micro-Twin" are trade-marks



# IMAGINATION AND BELLows PNEUMATIC DEVICES INCREASE PRODUCTION OF A STANDARD "KICK" PRESS FROM 3 PARTS PER MINUTE TO 25 PARTS PER MINUTE

OPERATION: Staking cap and core assembly for shock mounts



INTERVIEW WITH MR. ██████████ PLANT SUPERINTENDENT OF ██████████ FROM TAPE RECORDING TAKEN IN THEIR PLANT AT WATERTOWN, MASS.

*Q. Mr. ██████████ Tell us about this machine.*

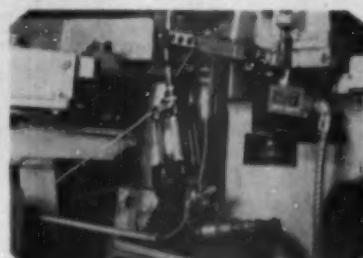
*A. We attached a Bellows Air Motor to a standard kick press to replace the man's foot, added a Bellows Rotary Feed Table to feed the parts and stepped up production from approximately 3 pieces per minute to about 25. This one machine took the place of 5 kick presses. Once this machine was rigged up, we had no further use for the other four.*

*Q. But there is a riveting machine as well as a kick press on the unit we are photographing, Mr. ██████████*

*A. Recently we tied in a high speed riveter to the set-up in order to use the rotary feed table on two different operations. On this second operation, we are peening an aluminum rivet. When the riveter was operating manually a sharp operator could produce 220 to 225 parts per hour. This way we get about 1,080 per hour.*



The ease with which Bellows Air Motors can be electrically interlocked and controlled simplifies greatly designing for air operation.



Bellows Air Motors will operate in any position and are made in bore sizes, from 1" to 4½" in any stroke length, and in a range of mounting styles.

*Q. How does it happen that you have two somewhat unrelated operations on the same machine?*

*A. There was such a fabulous increase in production in the staking operation that it wasn't necessary to keep the machine operating all the time. I got the idea that by tying in the riveter to the same Bellows Rotary Feed Table we could do two operations on the same machine. I outlined my problem to your Bellows Field Engineer and he spent a couple of hours showing me what could be done and how it could be done with Bellows equipment. I took his advice and immediately purchased the equipment. We put it together here and are just tickled to death with the results.*

*Q. Out in back awhile ago, you said something about the Bellows equipment arriving just in the nick of time.*

*A. The equipment arrived just as we had a terrific demand for one type product—in fact, we had to produce something like 180,000 of these cap and core assemblies*

in two weeks. We worked overtime to get this machine working. We weren't too fussy about how it looked. I'm happy to say we produced the 180,000 parts in plenty of time to satisfy our customer.

*Q. In your mind, Mr. [redacted] what is the outstanding feature about Bellows pneumatic equipment?*

*A. I would say on all our machines that are now operated with Bellows equipment the fatigue factor has been definitely lessened. The people have but one thing to do—that is load and unload the machine. The machine travels at a constant speed, they get themselves in tune. The machine goes through its work cycle, it doesn't hit too long, it doesn't hit too short. The cycle is controlled much better than it could be manually. Wherever we can put the skill of a man into a machine, we're one step farther towards our goal: everything perfectly controlled with a minimum of human effort.*

### **HOW YOU CAN USE BELLOW'S "CONTROLLED-AIR-POWER" TO DEVELOP LOWER COST PRODUCTION FROM COUNTLESS STANDARD MACHINES**

Bellows pneumatic devices are compact "packaged" power units that serve as auxiliary sources to move parts or tools to position, feed cutting tools through work, clamp and hold parts or perform virtually any push, pull, lift or turn motion. They can be electrically interlocked with each other for accurate safe sequencing. They can be quickly and easily installed on such standard machines as drill presses, milling machines, grinders, kick presses, riveters, etc., or can form the working heart of an almost unlimited number of low cost, tool-room-built special purpose machines.

### **YOUR BELLOW'S FIELD ENGINEER CAN SHOW YOU HOW — OR WRITE FOR FREE FOUR COLOR BOOKLET**

There are more than 100 full time Bellows Field Engineers located in every major industrial area in the United States and Canada. You'll find them listed in the phone book under "The Bellows Co." (In Canada, under Bellows Pneumatic Devices of Canada, Ltd.) You'll enjoy talking to a Bellows Field Engineer. He has at his finger tips the accumulated experience of thousands of manufacturing plants who are finding in Bellows "Controlled-Air-Power" effective ways to lower production costs. Phone him today—or write direct to Dept. BW 655, The Bellows Co., Akron 9, Ohio, for a copy of "How to Lower Production Costs with Air."

**The Bellows Co.**

AKRON 9, OHIO



**Jimmy Savo wows 'em with silence.** Theater and TV audiences greet his wordless antics with gales of laughter. If office workers could perform as quietly as the famous little pantomimist, there would be little need for office sound-conditioning. But people *do* talk. And the noise of clattering typewriters and jangling telephones puts nerves on edge... lowers efficiency. The solution? A Gold Bond Acoustimetal ceiling.



**Gold Bond Acoustimetal ceilings increase office efficiency.** Incombustible perforated metal panels, with sound-absorbing mineral wool pads, effectively smother office noise. Attractive baked enamel surfaces are easily wiped clean with a damp cloth... can be repainted without loss of sound-absorption. Removable Acoustimetal units provide easy access to concealed piping, wiring, speakers, etc. Decorate and sound-condition with Acoustimetal the next time you build or remodel.

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**Gold Bond**

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Call your Gold Bond Acoustical Contractor

You'll find his name in the Yellow Pages of your phone book under "Acoustical Contractors." For free magazine, THE DECIBEL, giving you actual acoustical case histories, write to: Dept. BW-65

NATIONAL GYPSUM COMPANY  
BUFFALO 2, N.Y.

## READERS REPORT

### Light on a New World

Dear Sir:

A fine job you did on "The New World of Research," starting on page 105 of your May 28, 1955 issue. The article does a fine background study in orienting the problem area, and then pinpoints some of the major current difficulties that come out of the use of research as a business tool.

While your article is evidently directed particularly at industrial research, many of the problems you outline are even more true in the field of marketing research—a field even newer than industrial research, and one in which tremendous growth should be noted in the next decade.

Every day I am amazed at how little the business community in general knows about one of its greatest mass markets for industrial products—machinery, building materials, fuels of all kinds, drug products, chemicals and so on through the range of industrial production. That mass market is, of course, the farms of the nations. Because this market is made up of more than 5,000,000 producing units, keeping abreast of it is more than any human can hope for, without the aid of systematic inquiry and analysis, i.e.: research.

Again, thanks for throwing needed light on a troublesome area of our ever-expanding business complex.

VICTOR HAWKINS  
DIRECTOR OF RESEARCH  
CAPPER PUBLICATIONS, INC.  
TOPEKA, KANS.

Dear Sir:

I wish to extend to you my sincere appreciation for presenting your special report that appeared in BUSINESS WEEK on May 28, 1955, page 105 entitled, "The New World of Research." Your informative report was so arousing that I had to request another copy for my colleagues to appreciate also. Thank you very much, and congratulations on an interesting and timely article.

RAY AMUNDSEN  
STATE COLLEGE, PA.

Dear Sir:

I think your special report on "The New World of Research" is really excellent. It sort of ties together a whole lot of different things that have been floating around in my mind in a somewhat discon-



*This is*  
**KARD-VEYER**



### **The ALL-NEW Mechanized Card Record File**

Kard-Veyer is the *new* electrically-powered card-file unit that cuts finding, posting and filing time to seconds. Here's an all-in-one, fatigue-reducing high output work station that saves profit dollars in time and space.

Kard-Veyer houses from 16,000 to 80,000 record cards in sizes ranging

from 8" x 5" to 2 $\frac{1}{4}$ " x 3", including standard punched-cards 7 $\frac{1}{4}$ " x 3 $\frac{1}{4}$ ".

If your records-keeping operation includes a large, active card reference file, investigate Kard-Veyer *today*. Call the Remington Rand Office near you, or, write to Room 1609, 315 Fourth Ave., New York 10. Ask for LBV706.

**Remington Rand**



## STUCK with a 'STICKER'?

**Dow Corning**  
**Silicone Release Agents**  
**have solved Sticking Problems**  
**in Many Industries**

It's old as the hills—the problem of products sticking to the molds or containers in which they're made. But today, the *silicone release agents* developed by Dow Corning can solve this problem for you just as they have in many other industries.

What's more, besides licking the sticking problem and speeding production, silicone release agents cut scrap to a minimum; improve surface finish; slash maintenance costs as much as 90% by keeping molds, pans and packaging equipment clean and ready for re-use; set new standards of cleanliness and sanitation. So, if you have a sticky release problem, it will pay you to try one of the many Dow Corning silicone release agents.

Today, SILICONES offer the best solution to many design, production and maintenance problems—and DOW CORNING offers you the *best in silicones*.

*Dow Corning Silicones mean business... for you!*

For more information mail this coupon today.

DOW CORNING CORPORATION, Dept. 2206, Midland, Michigan

Please send me:

- 1953 Reference Guide to Dow Corning Silicones Products
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nected manner for the last several years.

I particularly enjoyed your introduction, and the quietly dressed young man with the crew cut.

There are, of course, a lot of young men in the country who are very comparable to your man, but who are working in new and smaller companies which they have started themselves . . . I don't know whether they have crew cuts or not, but there sure isn't any grass growing under their feet . . .

BURNET OTTEN, JR.  
 PRESIDENT  
 WESTERN METAL PRODUCTS CO.  
 ST. LOUIS, MO.

Dear Sir:

In BUSINESS WEEK's otherwise interesting and reasonably accurate report, "The New World of Research," you made the point that creativity is the prime requisite for the researcher by taking a completely unnecessary . . . and potentially damaging swipe at those scientists whom you say can be hired "for \$5,000 a year to edit the thinkers' reports and clean up their drawings."

Those of us who have been having a hard time finding enough qualified "publications engineers"—men and women who combine adequate scientific education and experience with the knack of presenting information properly, and of helping others to do so—regret uninformed statements which may discourage qualified people from engaging in this new profession. It is a profession which is interesting, productive, important, and commands salaries fully commensurate with those of other researchers.

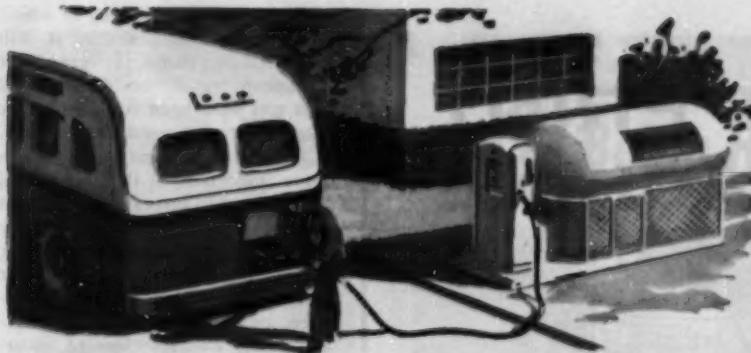
B. H. WEIL  
 MANAGER, INFORMATION SERVICES  
 ETHEL CORP.  
 DETROIT, MICH.

### Coverage Abroad

Dear Sir:

We have noticed in your April 23, 1955 issue of BUSINESS WEEK (Personal Business, page 132) that you state, "Get both licenses and insurance through your local American Automobile Association Club or directly from AAA's International Travel Dept. . . . You don't have to be a member." . . .

Possibly you are not aware that there are several American companies that write automobile insurance, as well as other casualty and fire coverages, for both personal and commercial accounts abroad. Since we are in active competition

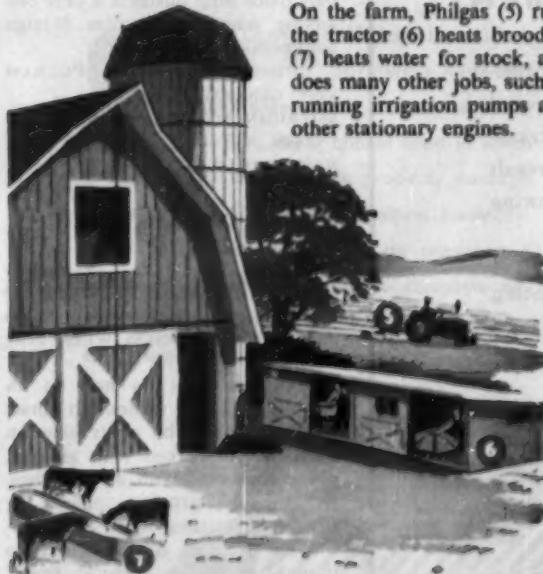


More and more fleet owners are fueling their buses, trucks and taxicabs with powerful, high-octane Philgas®. With Philgas, fuel costs are low. And because Philgas is so clean-burning, maintenance costs are also substantially reduced.

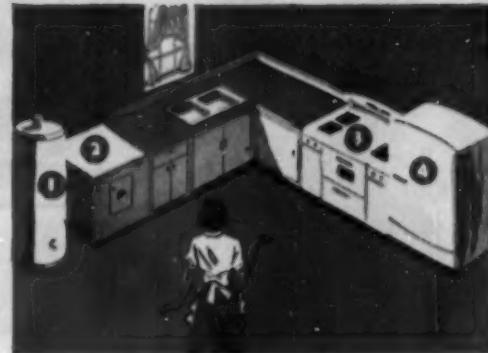
## VERSATILE is the word for PHILGAS!

More than 20 years ago Phillips Petroleum Company pioneered the use of liquefied petroleum gas as an all-purpose fuel, marketing it under the trade name Philgas. Today, Philgas is America's largest selling brand of LP-Gas.

No other type of fuel does so many things so well as Philgas. As a heating fuel and as a motor fuel . . . in the home, around the farm, and in industry . . . Philgas finds an ever-increasing market. It is an important and growing part of the growing and diversified business of Phillips Petroleum Company.



On the farm, Philgas (5) runs the tractor (6) heats brooders (7) heats water for stock, and does many other jobs, such as running irrigation pumps and other stationary engines.



Philgas brings the convenience of city gas to those beyond the gas mains and in rural areas! Philgas is used for (1) automatic water heating (2) clothes drying (3) cooking (4) refrigeration, and for automatic home heating and air-conditioning, as well.



Sales of LP-Gas are rising steadily. Increasing use of LP-Gas in industries, as well as the growing demand for automatic home heating, afford an expanding market. Philgas outsells all other brands of LP-Gas.

**PHILLIPS PETROLEUM COMPANY**

Bartlesville, Oklahoma

*We Put the Power of Petroleum at America's Service*



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**SHARPER, FASTER COPIES**  
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**PATAPAR TRANSLUCENT PARCHMENT**

This is a special type of Patapar Vegetable Parchment scientifically developed for direct print master sheets. Quality controlled texture and sheer, natural translucency assure super fast transmission of the ultra violet rays. There is no diffusion. The result is speedier printing, uniformly clear copies — and your glowing satisfaction.

Patapar Translucent Parchment has a perfect surface for printing with opaque or regular inks. It is excellent for typewritten copy, pen and pencil entries, artists' sketches or drawings.

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Vegetable Parchment  
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HEADQUARTERS FOR VEGETABLE PARCHMENT SINCE 1885



with the British Company in which the AAA advertises that it will place its automobile coverage for European travel, we do not feel that you have been completely fair when you recommend the AAA...

Further to this and perhaps even more important, is that the AAA, with respect to insurance, acts as an agent or broker for the company with which it places the policy. Our Association members and other companies writing foreign insurance, also do business on a brokerage basis, whereby foreign insurance coverage may be placed with us through the insured's regular broker or agent, who services his account on a year 'round basis. Your article, in effect, has directed the business away from the local agent or broker and thus possibly depriving him of additional income and the opportunity to provide service to his customer. The American Agency and Brokerage system, is an important part of the insurance industry and we do not like to see its competitive basis influenced simply through the recommendation by a forceful magazine such as BUSINESS WEEK, for one agency and thereby the company it represents...

To clear the record . . . the AAA is only one of thousands of agents or brokers providing foreign insurance service to automobile travelers abroad, and the company in which they place their business is only one among many that writes foreign automobile coverages. . .

HARRINGTON PUTNAM  
ASST. GENERAL MANAGER  
AMERICAN FOREIGN INSURANCE  
ASSN.  
NEW YORK, N. Y.

## A Error?

Dear Sir:

I must thank you for giving me an ale and an hearty laugh on page 198 of BUSINESS WEEK May 14, 1955.

Living without an hole in an head, in an house without an horse; and being one who never blew an horn, never worked with an hoe, never consort with an hoodlum, I have, nevertheless pined for British affection, being Scotch.

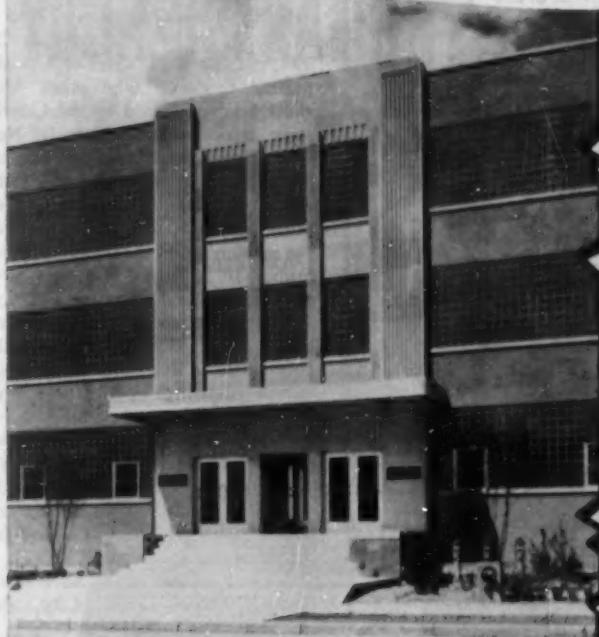
Give us more of England even though your "an historic town" is some 3,000 miles off base.

Drop in, Old Chaps, let us have a spot of tay with crumpets.

J. R. ENGLISH  
LITTLE ROCK, ARK.

• Webster gives us some support

## The Hazard of Being Half Safe



**A**ny plant addition in which "Automatic" Sprinklers have not been extended is a weak link in the chain of protection. It's a critical area in which fire may cause considerable property damage and complete disruption of business continuity. Once out of control, fire in an unprotected section might possibly lead to complete destruction of property, even though other building areas are protected.

You can't afford to be half safe. Install

### ENGINEERED *'Automatic' Sprinkler* PROTECTION

throughout all buildings susceptible to fire. Being 100% protected 100% of the time is good business. And—it's well to remember—**what's worth insuring is worth protecting!**

*"Automatic" Sprinkler*

CORPORATION OF AMERICA

YOUNGSTOWN, OHIO

Offices in Principal Cities of North and South America

# For every 5 units your inspector okays, a Carrier Weathermaker<sup>\*</sup> will add 1 more . . . . .



Something happens in a plant when you put in air conditioning. *Production goes up, rejects drop.* A Philadelphia manufacturer of ball bearings reduced dimensional rejects 20%. Supervisors in an Indianapolis plant estimate much higher efficiency, 10% less scrap. The most effective packaged air conditioner for small plants—and offices and stores, too—is the Carrier Weathermaker. *Look it over for beauty!*—notice the cabinet's smooth, deep-drawn corners. *Look inside the unit!*—see the quality features that assure years of dependable service. *Look up your Carrier Dealer!*—his name is listed in the Classified Telephone Directory. He's the man to see about all types of air conditioning systems and units, including new Weathermakers that require no water. Carrier Corporation, Syracuse, New York.

© Reg. U.S. Pat. Off.

**Carrier**

FIRST NAME IN AIR CONDITIONING



for using "an" before "historical"—but not much. So an Anglicized BW admits its error to the Americanized Mr. English.

## An Investment First

Dear Sir:

Re BW—June 4 '55, p114, the first "How to Invest" show was held in Elizabeth, N. J., on January 24, 1955 at the R. J. Goerke Co. department store. The week long show was sponsored by the Goerke store in cooperation with the New York Stock Exchange, two local brokers, F. P. Ristine & Co. and Eisele & King, Libaire Stout Co., plus four local industries listed on the big board: Standard Oil, Elastic Stop Nut Corp., General Instrument and Allied Chemical & Dye.

The program was almost identical to MLPFB's. Displays by the companies, a live ticker tape, daily moving showings and lectures; even a simulated trading booth.

This education effort, conceived by our president, Mr. R. J. Goerke, Jr., received wide publicity in the financial and advertising press and won a Standard & Poor's award for "Advertising in Action."

Merrill Lynch may have been first in New York City, but Goerke's was first in the U.S.

ROBERT B. MACPHERSON

R. J. GOERKE CO.

ELIZABETH, N. J.

## Rearing Its Ugly Head

Dear Sir:

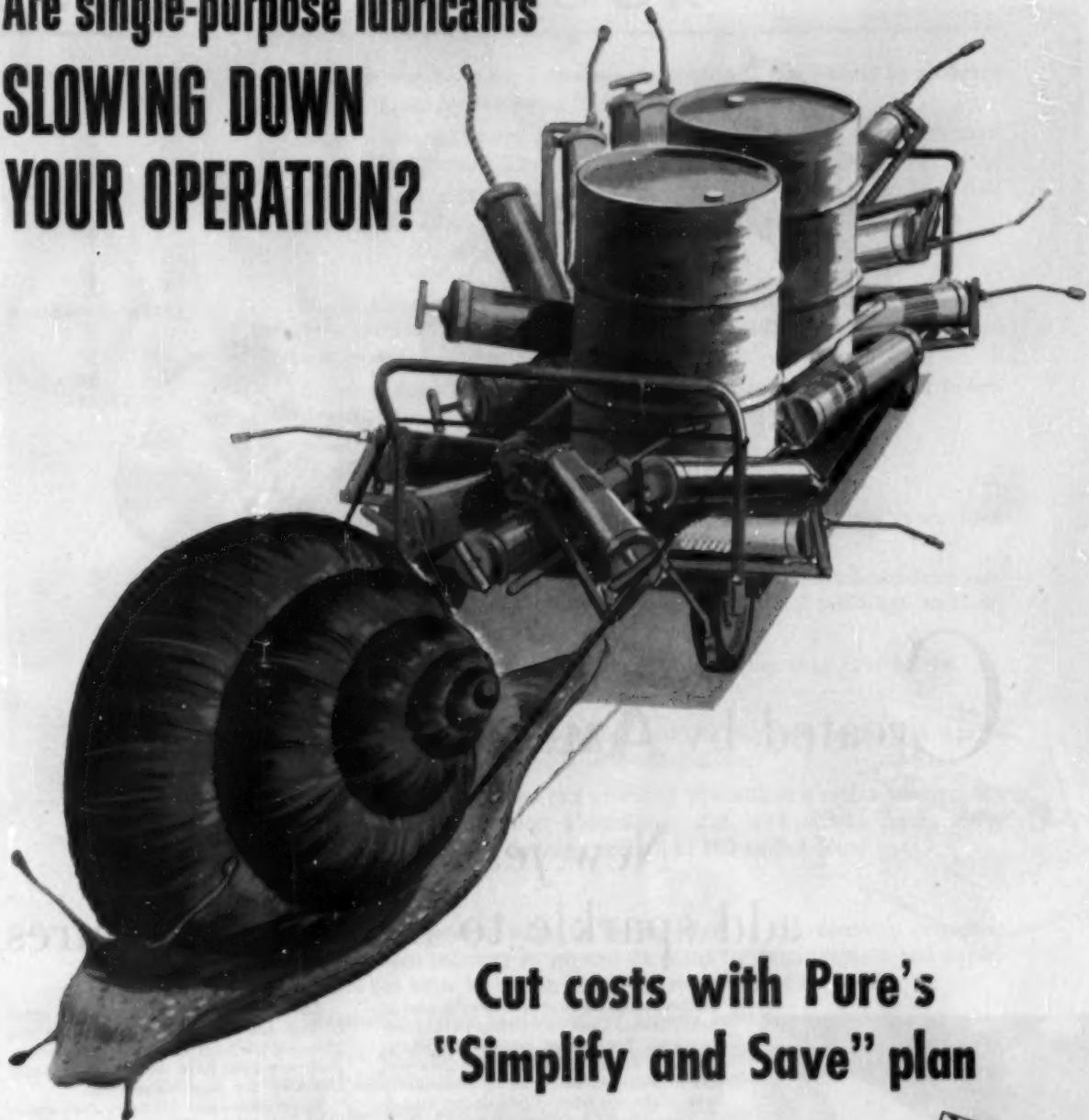
Moonshining is a serious and growing menace in this country and you performed a great public service in calling this to the public's attention, by means of the excellent article which appeared in the Apr. 30, '55 issue, p.154.

We are acutely aware of the huge revenue loss attributable to the spread of moonshining. We are even more concerned, as we think every business organization both in and out of the liquor industry should be, about the challenge to the law implicit in this criminal activity. Moonshining imperils health, life and morals as well as revenue. It stands for everything the liquor industry opposes, and its resurgence 21 years after Repeal threatens to disrupt and destroy the great public gain represented by the pattern of control established during this period.

D. L. STREET

EXECUTIVE VICE PRESIDENT  
BROWN-FORMAN DISTILLERS CORP.  
LOUISVILLE, KY.

# Are single-purpose lubricants SLOWING DOWN YOUR OPERATION?



## Cut costs with Pure's "Simplify and Save" plan



If your plant lubrication system is complicated by dozens of single-purpose lubricants, *The Pure Oil Simplify and Save plan* can save you real money.

You see, Pure Oil has perfected a line of *multi-purpose* lubricants. In most cases just six of these money-saving lubricants are all you need for your entire plant. Speeds application. Reduces inventory. Minimizes mis-application. Simplifies lubrication and stock control. Streamlines purchasing.

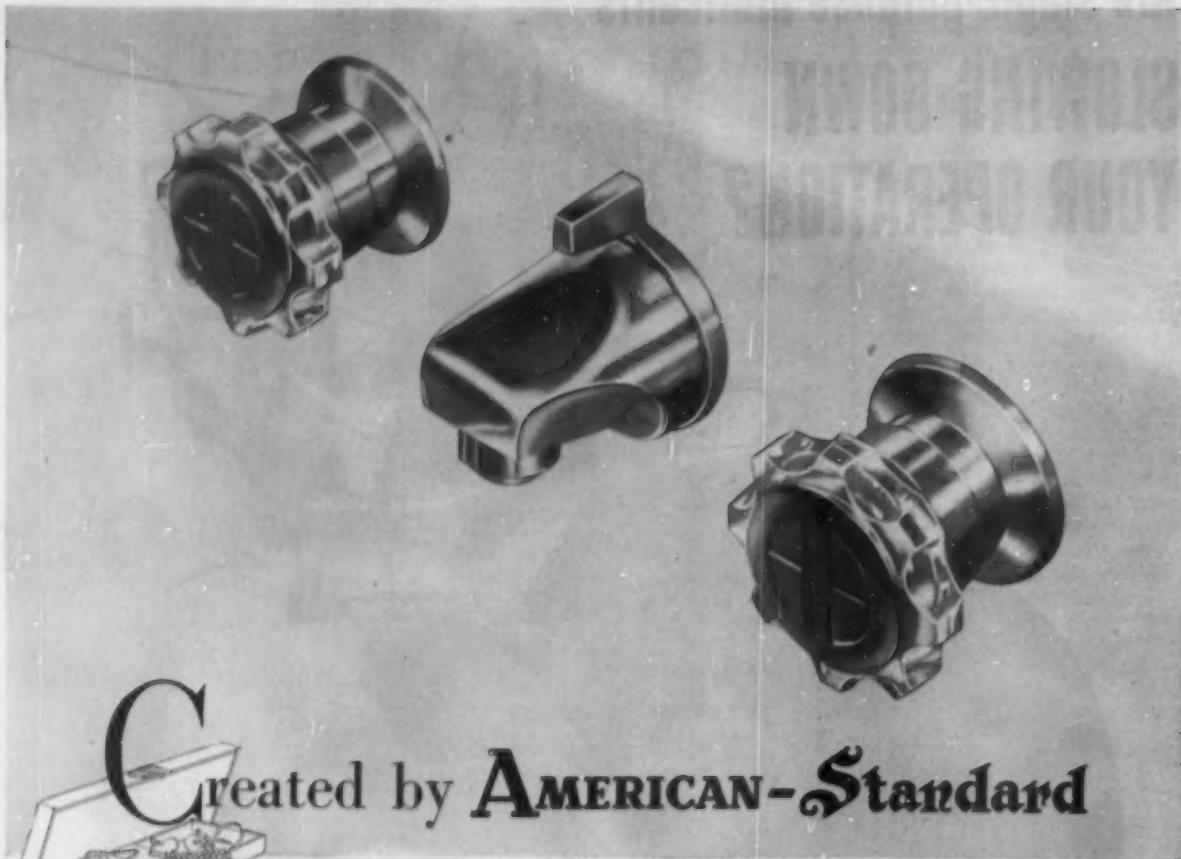
Why not phone your nearest Pure Oil office and see how this simplified plan can cut costs for you. Reverse the charges—and call now.



Free Booklet tells you  
"How to Simplify and  
Save". Write The Pure  
Oil Company, 35 E.  
Wacker Drive, Chicago  
1, Illinois

## Be sure with Pure **PURE MULTI-PURPOSE LUBRICANTS**

Sales offices located in more than 500 cities in Pure's marketing area



Created by **AMERICAN-STANDARD**

*New jewel-like fittings  
add sparkle to bathroom fixtures*

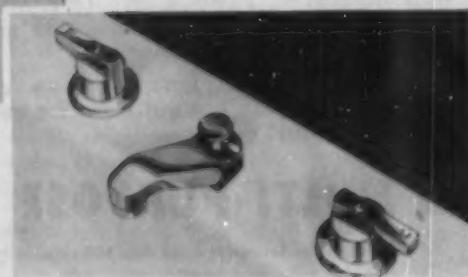


Monogram fittings, with clear or colored handles, personalize your bathroom.

Quality fittings—of non-tarnishing Chromard—add new grace and sparkle.

Bathroom fittings are an essential part of every home...and an exciting part of our business. For fittings provide the all-important "finishing touch" of utility and extra beauty...and this is particularly true of the two lines of new-design fittings just introduced by American-Standard.

The new, jewel-like Monogram fittings in satin chrome have easy-grip, translucent handles—crystal clear, or in five colors to harmonize with the bathroom decorative scheme. In addition, they can be engraved with your own initials to personalize the bathroom.



The new, Quality fittings have a grace of line and a sparkling gleam that will give new life to any bathroom, anywhere. Both new lines have the Nu-Re-Nu valve assembly for long-life service.

Bathrooms—and kitchens, too—must be functional, but American-Standard believes they can be rooms of beauty, too. That's why the new American-Standard kitchen and bathroom fittings are not only redesigned for better, longer service, but for special eye-appeal as well.

These new products typify the extra quality and beauty to be found in American-Standard products. They also illustrate the constant development of new and better products which makes American-Standard the name to remember for modern comfort and convenience.

Plumbing and Heating Division of American Radiator & Standard Sanitary Corporation, Pittsburgh, Pennsylvania.



**AMERICAN-STANDARD**

# BUSINESS OUTLOOK

BUSINESS WEEK  
JUNE 25, 1955



Business may be in for a period of hesitation. But it should be no worse than that, to judge by two items from this week's news:

- Construction estimates for the year were raised by the government experts to an astronomic total of \$41.8-billion.
- Machine tool orders, a key item in manufacturers' spending on new equipment, jumped nearly 20% in May to reach a 21-month high.

Maybe there wouldn't even be talk about hesitation in the boom but for (1) the extraordinary rate of advance scored thus far (charts, page 26), and (2) the expected decline in auto production.

It comes down to this: You can't maintain such a rate of gain indefinitely, and Detroit's model change automatically applies a brake.

—•—  
Construction has been picking up speed in all directions.

Housing still is the backbone. Washington now figures more than 1.3-million new homes will be started this year.

But the new government estimates also envision record-smashing outlays for schools, churches, stores, offices, professional buildings, utilities, service stations, and highways.

Both private and public spending will be higher than ever before.

—•—  
Orders written for new machine tools in May now prove that April's slump was a meaningless boggle in a rising curve.

Volume of new business had averaged \$60-million a month early in the year. Then April fell below \$53-million. But, with a May figure above \$72-million, the monthly average again tops \$60-million handily.

Rising tool orders were to be expected as the booming consumer market impelled industry to expand its plans for improvement and expansion. This has been becoming more and more clear for months.

Meanwhile, other incentives for tooling have been arising:

- Prices may go up. Some buying has anticipated dearer tools after the steel industry settles its current wage dispute.
- Productivity and efficiency call for more and better tools. This argument is applicable in many industries—but it will gain particular weight among those that have signed guaranteed-wage contracts.

Machine tools, in point of output, have a good bit of room to rise.

They're behind the boom. Except for April, new orders have far outstripped billings. Shipments for the five months are valued at \$265-million, down from \$456-million for the same period last year.

—•—  
Auto output, in the model year now entering its declining phase, should pass the 6.7-million mark without much trouble.

That would top the previous record of 6½-million rolled out in calendar 1950 (back in the days when the new model was an anytime thing, before the industry returned to its natural model year).

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
JUNE 25, 1955

And, believe it or not, most of these cars will be sold. Dealers won't have so very many more cars on hand, come Oct. 1, than they had last year.

Here's the industry's ace in the hole for selling the big stock of 1955 models now on hand and those to be manufactured this summer:

"The 1956 models will carry higher price tags, sure as shooting."

Without this new spur, sales soon would stagnate.

Don't be surprised if, under the circumstances, retail sales of new autos total 6,350,000 in the 12 months ending next Sept. 30. Add perhaps a quarter million for exports and unregistered sales.

That brings turnover within perhaps 100,000 of probable output.

All this adds up very prettily for the auto industry except for one or two things the fine round numbers fail to reveal:

- Output will drop very sharply in the September quarter, even while the 12-month figure is rolling to a new record.
- Customers may be hard to find after such phenomenal sales. (Model changes, to whet buyers' appetites, would have to be fairly striking.)
- Used cars (plus new-used cars) pose an increasing problem.

New 1956 cars may not carry the higher price tags, of course, if manufacturers find them more than the market can bear. But that's idle conjecture this far in advance of the cars' actual introduction.

Much depends on the used-car market—what kind of trade-ins dealers can offer to make prices of the 1956s seem lower, and so on.

Business in general has become accustomed to the idea that auto output will slump this summer. The tendency is to take it in stride.

But there's some question if the situation is fully understood.

Autos have been going so fast that even a "normal seasonal" slump would be something. And this year output has to be shaved finer than that to help dealers clean up a record inventory.

Output, running 2.1-million cars in both the first and second quarters this year, probably will be off as much as 40% in the third.

Pressure on steel will let up a little as auto output goes into its seasonal slide. After all, automotive requirements have been running close to one-quarter of all the steel now being rolled.

Some customers, as a result, may find flat steel easier to get. But, with order books clogged, even this isn't entirely certain.

Consumer spending patterns in the third quarter will bear watching. Not that most people will pinch pennies, but there will be changes.

For example, they'll spend less on autos. Does that mean a shift into other goods? Or a pause to pay debts? Or more outright saving?

You might note that, for several months, people have been withdrawing more than they have put into savings accounts. Such deposit gains as savings banks have scored are due mainly to interest accruing.

Through IBM research, tomorrow's thinking TODAY...



**Magnetic cores** are intricately woven into copper-wired frames to become the "memory" of powerful IBM electronic data processing machines such as the new IBM 705.



## Memory... in the making

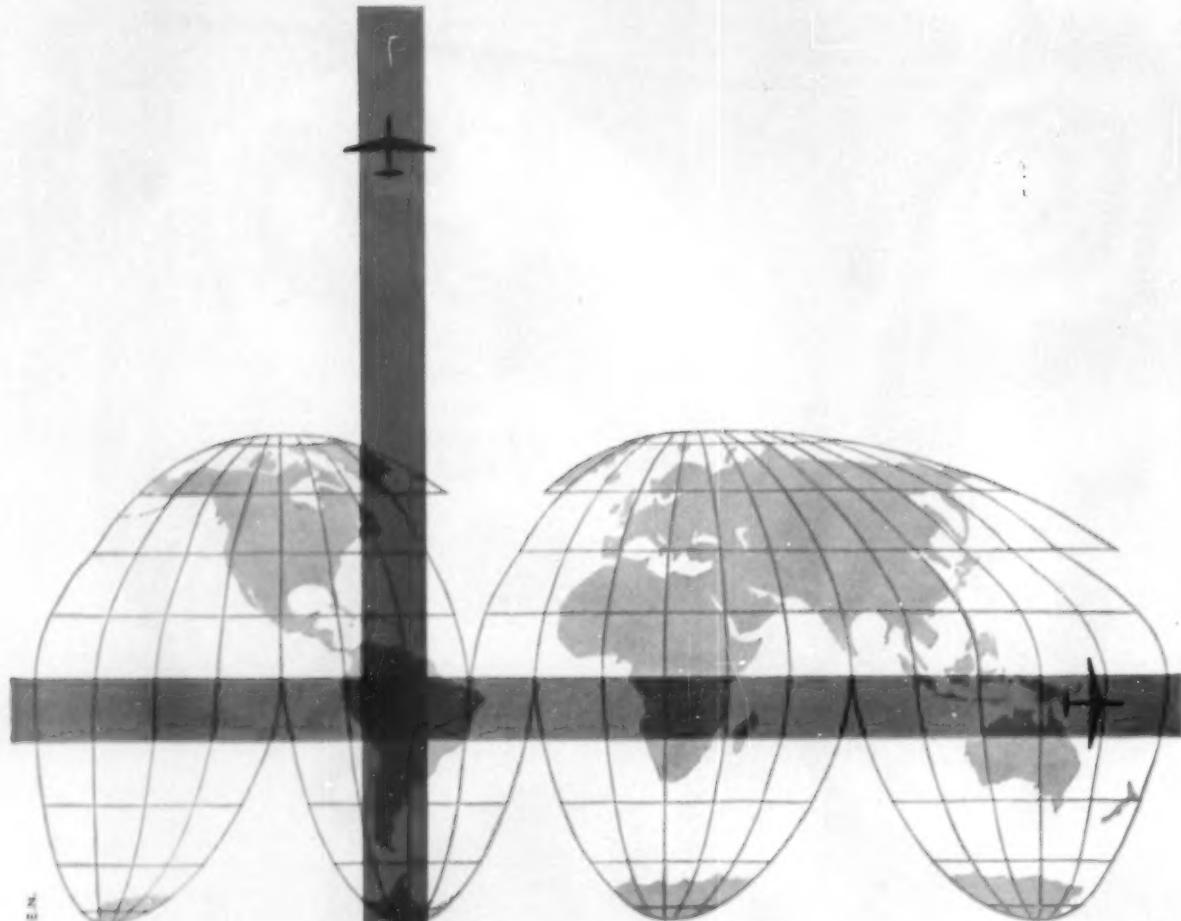
Magnetic cores, each one actually little larger than the head of a pin, are shown here dramatically magnified by the microcamera as they are taken from a heat-treating kiln. Their ultimate function: to store or "remember" information fed into IBM electronic data processing machines for business.

They also illustrate IBM's leading role in applying the latest electronics advances to data processing. Out of this continuing leadership by IBM has come today's "quiet revolution" in American business methods.

In almost every field of activity, from fundamental research and engineering calculations to everyday business accounting, IBM data processing is rapidly narrowing the critical gap between problems and decisions.

*International Business Machines Corporation,  
590 Madison Avenue, New York 22, N. Y.*

**IBM** DATA  
PROCESSING  
WORLD'S LARGEST PRODUCER  
OF DATA PROCESSING MACHINES



### getting atomic power....off the ground



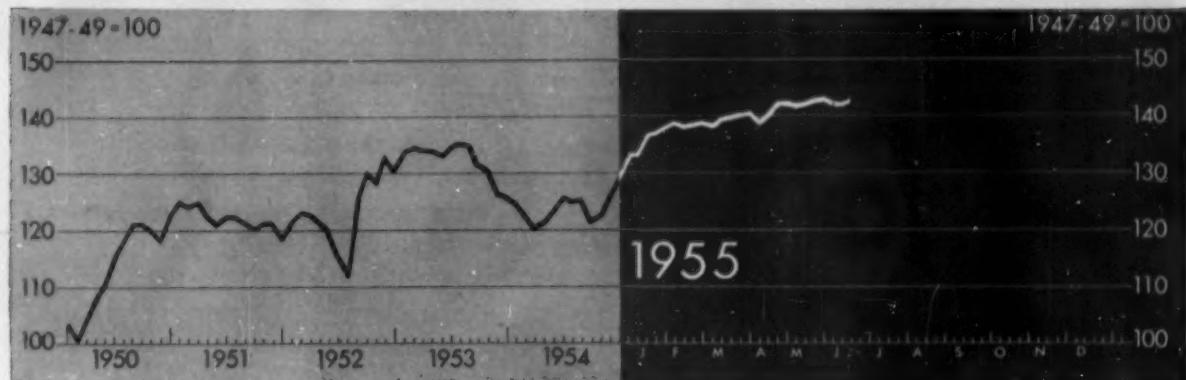
Important in the development of globe-girdling atomic aircraft is the *portable nuclear reactor* built and operated by the Convair Division of General Dynamics for the United States Air Force. Shown, at left, suspended in mid-air for radiation tests, this high-flying reactor is another dramatic example of Dynamics' leadership in the *nucleodynamic age*.

## GENERAL DYNAMICS

DIVISIONS



# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

Latest Week	Preceding Week	Month Ago	Year Ago	1948 Average
*143.1	142.2	143.2	126.8	91.6

### PRODUCTION

Steel ingot production (thousands of tons) . . . . .	2,350	12,316	2,326	1,720	1,281
Production of automobiles and trucks . . . . .	183,987	1172,794	221,936	140,063	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$62,714	\$62,307	\$71,939	\$50,468	\$17,083
Electric power output (millions of kilowatt-hours) . . . . .	9,987	10,041	9,730	8,850	4,238
Crude oil and condensate production (daily av., thousands of bbls) . . . . .	6,626	6,600	6,676	6,495	4,751
Bituminous coal production (daily average, thousands of tons) . . . . .	1,558	11,598	1,478	1,262	1,745
Paperboard production (tons) . . . . .	285,547	282,825	279,415	248,260	167,269

### TRADE

Carloadings: manufactures, misc., and L.c.l. (daily av., thousands of cars) . . . . .	75	77	74	68	82
Carloadings: raw materials (daily av., thousands of cars) . . . . .	56	55	52	49	53
Department store sales (change from same week of preceding year) . . . . .	+3%	+5%	+11%	-1%	+30%
Business failures (Dun & Bradstreet, number) . . . . .	214	230	226	207	22

### PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100) . . . . .	410.9	404.9	401.5	428.2	311.9
Industrial raw materials, daily index (U. S. Dept. of Labor BLS, 1947-49 = 100) . . . . .	92.7	91.8	91.0	87.3	1173.2
Foodstuffs, daily index (U. S. Dept. of Labor BLS, 1947-49 = 100) . . . . .	88.0	87.0	86.4	98.1	1175.4
Print cloth (spot and nearby, yd.) . . . . .	18.9¢	18.8¢	18.7¢	19.2¢	17.5¢
Finished steel, index (U. S. Dept. of Labor BLS, 1947-49 = 100) . . . . .	144.8	144.8	144.8	140.9	1176.4
Scrap steel composite (Iron Age, ton) . . . . .	\$35.33	\$34.00	\$34.00	\$27.58	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.) . . . . .	36.000¢	36.000¢	36.000¢	30.000¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.) . . . . .	\$2.29	\$2.41	\$2.49	\$2.13	\$1.97
Cotton, daily price (middling, ten designated markets, lb.) . . . . .	34.10¢	33.91¢	33.94¢	34.15¢	30.56¢
Wool tops (Boston, lb.) . . . . .	\$1.85	\$1.85	\$1.94	\$2.15	\$1.51

### FINANCE

90 stocks, price index (Standard & Poor's) . . . . .	319.7	313.4	298.2	230.7	135.7
Medium grade corporate bond yield (Baa issues, Moody's) . . . . .	3.51%	3.51%	3.49%	3.49%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	2%	12%	12%	11-11%	1-1%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks . . . . .	57,726	56,374	56,294	56,166	1145,820
Total loans and investments, reporting member banks . . . . .	85,009	84,012	84,679	80,997	1171,916
Commercial and agricultural loans, reporting member banks . . . . .	23,355	22,623	22,737	21,973	119,299
U. S. gov't guaranteed obligations held, reporting member banks . . . . .	32,842	32,831	33,743	34,058	1149,879
Total federal reserve credit outstanding . . . . .	24,956	25,044	24,908	25,764	23,883

### MONTHLY FIGURES OF THE WEEK

New orders for machinery, except electrical (McGraw-Hill, 1950 = 100) . . . . .	May	115	110	79	N.A.
Exports (in millions) . . . . .	April	\$1,262	\$1,342	\$1,426	\$812
Imports (in millions) . . . . .	April	\$871	\$1,019	\$957	\$412

\* Preliminary, week ended June 18, 1955.

† Estimate.

N.A. Not available.

‡ Date for "Latest Week" on each series on request.

# in BUSINESS this WEEK . . .

## GENERAL BUSINESS:

**THE BOOM IN THE WAKE OF GAW.** Rise in stocks may indicate investors and traders believe wage settlements herald an inflationary trend. p. 25

**THE NEW BOOM: THE CONSUMER IS RUNNING IT.** High output of soft goods pushes industrial production past the mark set in 1953. . . . p. 26

**IT'S NATURAL, TOO.** Goodrich expects to synthesize "natural" rubber for tires in five years. . . . p. 28

**MERGER SHORTCUT.** Bethlehem is willing to risk a court test of steel wedding—if it's speedy. . . . p. 28

**PARTY RACE ON SOCIAL SECURITY.** Democrats get head start on increasing benefits. . . . p. 29

**TEST FOR TAXES: DO THEY HELP U.S. GROW?** Congress asks a group of economists to scrutinize effects of federal tax policy. . . . p. 30

**OILMAN HITS CASH.** Glenn McCarthy sells half interest in Bolivian wildcat for \$4-million. . . . p. 31

**GENEVA: PEACE MOVES NEARER.** Men in high places feel the summit meeting will clear the ground for an East-West settlement. . . . p. 32

**FOR AUTOS: A VOTE OF CONFIDENCE.** GM and Ford make plans for expansion. . . . p. 32

**Business Briefs** . . . . . p. 34

## BUSINESS ABROAD:

**JUAN PERON: END OF THE ROAD?** All signs seem to indicate Argentine dictator's number is up. . . . p. 132

**THE SUPERS GET AROUND** . . . and companies like National Cash Register help export self-service idea. . . . p. 134

**PRIVATE AID FOR EXPORTERS.** New institution will provide medium-term credit facilities. . . . p. 142

## COMPANIES:

**A TRUCKER WHO "JUST WANTED TO SHOW THEM."** And he did—Richard Riess started with one truck, now owns a big line. . . . p. 170

**FOREMOST: FASTEST-GROWING DAIRY.** Aggressive acquisitions are carrying the company nearer the top. . . . p. 178

## FINANCE:

**BUYERS ARE GETTING STUBBORN.** Investors balk at buying municipals yielding less than 3%. . . . p. 41

**THE PATTERN IS STILL RUGGED.** Colleges show marked individuality in buying securities. . . . p. 44

## GOVERNMENT:

**IN WASHINGTON ANTITRUSTERS KEEP BUSY.** Justice Dept. hopes to try oil cartel case next year. . . . p. 130

## HABITS:

**I. "YOU GOTTA HAVE A GOLF COURSE" . . .** to attract industry. Lawrenceburg, Tenn., found out—too late. . . . p. 86

**II: GOLF: NOW EVERYONE'S PLAYING . . .** and big need is for more public, industrial courses. . . . p. 88

## MANAGEMENT:

**NEW LOOK FOR B-SCHOOL.** Harvard's Business School has new dean, Stanley F. Teale, and its program is in for reappraisal (cover). . . . p. 64

**ORGANIZING FOR IDEAS . . .** and cultivating them systematically has helped Harris-Seybold to grow. p. 68

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## INDUSTRIES:

**THE GAME OF MUSICAL CHAIRS CAN KEEP GOING ON AND ON.** The housing boom has more durability than the standard figures suggest. . . . p. 118

## LABOR:

**GAW BEGINS TO SPREAD.** Maritime union wins "employment security plan" and textile company agrees to provide jobless pay. . . . p. 150

**SETTING THE COURSE FOR FUNDS** . . . is the business of Martin E. Segal & Co., a fairly typical welfare-pension consultant. . . . p. 154

**THE WHY OF AUTO WALKOUTS.** The big question is whether strikers were letting off steam or really resisted GAW contract terms. . . . p. 158

The pictures—Don Blair—77, 78; Grant Compton—154; Paul Dorney—50; Electronic Protection—113; Giddings & Lewis—108 (top); Geo. Harris—170, 171, 172, 174; Martin Harris—150; I.N.P.—29, 106; Bern Kesting—96; Herb Kratovil—55; Jay Leviton—86; Nat'l Cash Register Co.—134; Ed Nano—68; Norton Portland Corp.—103 (bottom); Simmons Mach. Tool Co.—108 (ctr.); U.P.—132; W. W.—158; Geo. Woodruff—cover, 64.

## MARKETING:

**NEW LINKS FOR KROGER.** Food chain buys a string of stores. . . . p. 48

**SENDING COLLEGE BOYS ON A SALEMAN'S JOB . . .** is how Gulf Brewing sells beer. . . . p. 50

**THE PATTERN: AMA Moves to Broaden Its Range.** . . . p. 61

## THE MARKETS:

**FALLING OUT OF FAVOR.** Experts wonder why rails lag behind. . . . p. 162

## NAMES & FACES:

**SCIENTIST WITH A NOSE FOR WILDCATS.** This description fits geophysicist Paul L. Lyons, who is a veteran at locating oil strikes. p. 75

## PRODUCTION:

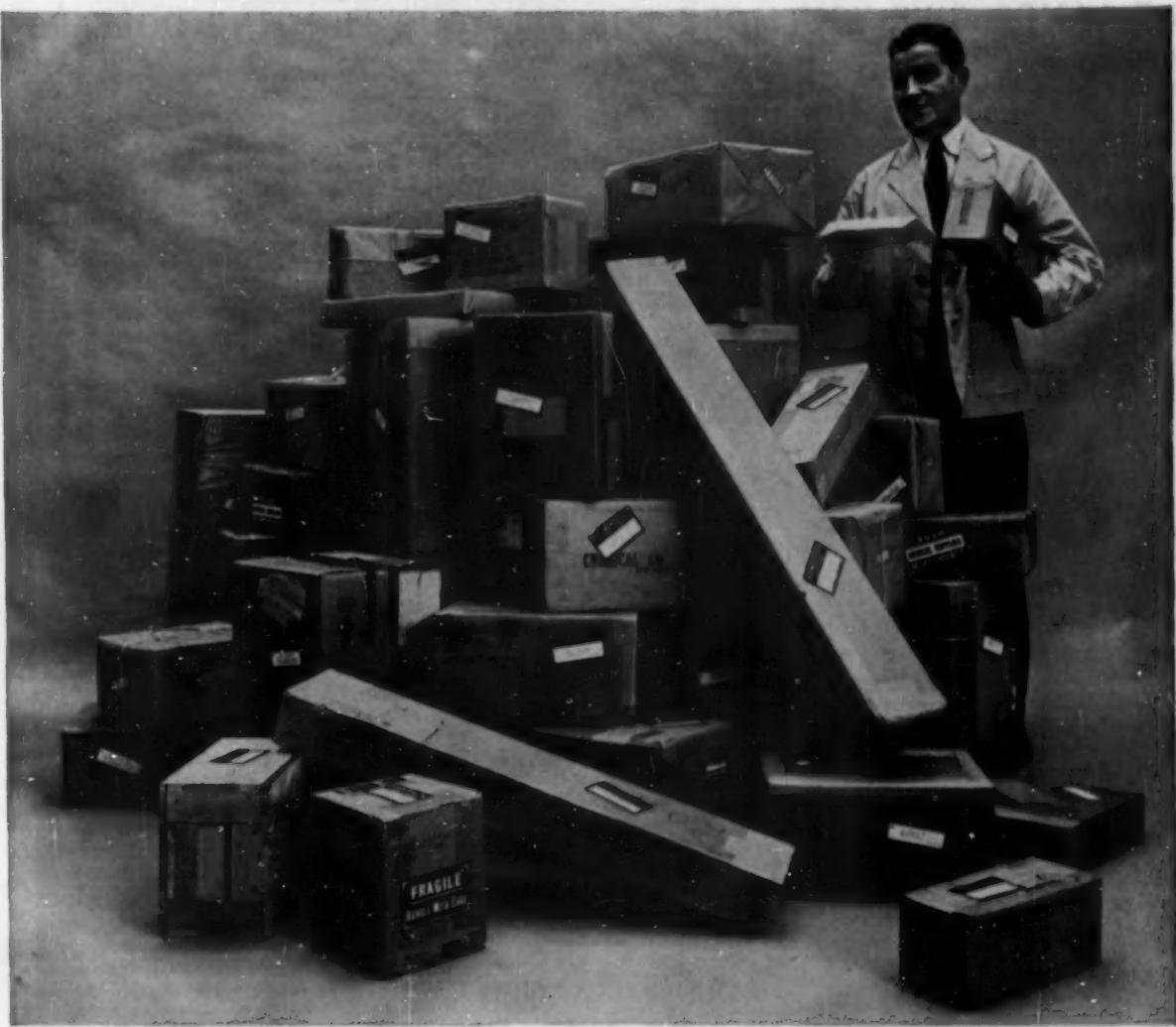
**ENGINES REMAKE LAND OF COTTON.** Machines make for new life on old plantation. . . . p. 96

**NEW PRODUCTS** . . . . . p. 108

## REGIONS:

**ECHO PARK DAM FADES.** House subcommittee cuts out funds. . . . p. 113

**THE INCOME PATTERN:** Up 3.9% from last year. . . . p. 116



## Call-Collect Plan brings 31 orders in 29 days

**Long Distance calls costing only \$20 ring up sales of \$1,537**

Recently a distributor of doctor's supplies invited out-of-town customers to place their orders by Long Distance — collect.

During the first 29 days, 31 orders worth \$1,537 were received by Long Distance. The cost of the calls: \$20.

These figures are typical of the big value and small cost of the Call-Collect Plan. You can prove that it pays in your business by trying it—and keeping a record of results.

All you have to do to set up such a plan is to let your out-of-town customers know they can telephone their orders to you — collect. Your salesmen can tell them. You can write them a letter. Or you can use specially imprinted telephone stickers which we furnish you free.

A telephone company representative will gladly help you work out the details. Just call your Bell Telephone Business Office today.

### LONG DISTANCE RATES ARE LOW

Here are some examples:

New York to Philadelphia . . .	50¢
Cleveland to Indianapolis . . .	90¢
Chicago to Pittsburgh . . .	\$1.15
Boston to Detroit . . .	\$1.40
Washington, D. C., to San Francisco . . .	\$2.50

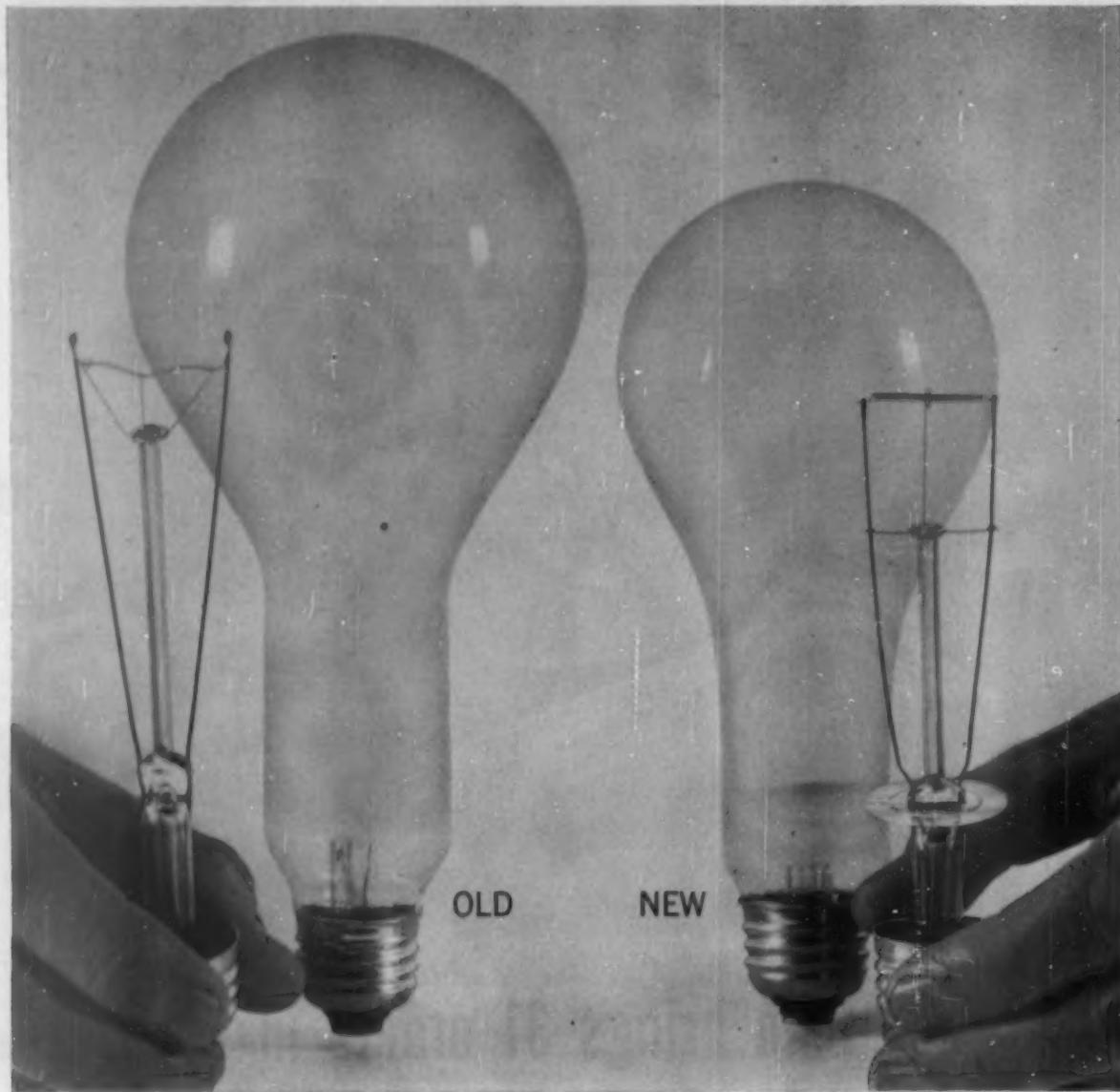
These are the daytime Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

**Call by Number. It's Twice as Fast.**

BELL TELEPHONE SYSTEM



G-E LAMPS GIVE YOU MORE FOR ALL YOUR LIGHTING DOLLARS



## New General Electric 200-watt bulb takes less space, but gives more light

**A** NEW General Electric 200-watt bulb, shorter and slimmer than the old one, fits into fixtures and lamps that would formerly take nothing larger than a 150-watt bulb.

The new G-E bulb gives about 3% more light than the old one. In the new bulb, the filament is an efficient *coiled* coil, which needs only one support. The filament of the old bulb is a single coil which needs three fine-wire supports. Although these support the filament firmly, they tend to cool it and slightly reduce the light. Based on average operating costs, the extra light of the new bulb is worth 7¢ to 10¢ over the life of the bulb.

Though the new design puts the hot filament closer to the base, the new General Electric 200-watt bulb is safe to use even

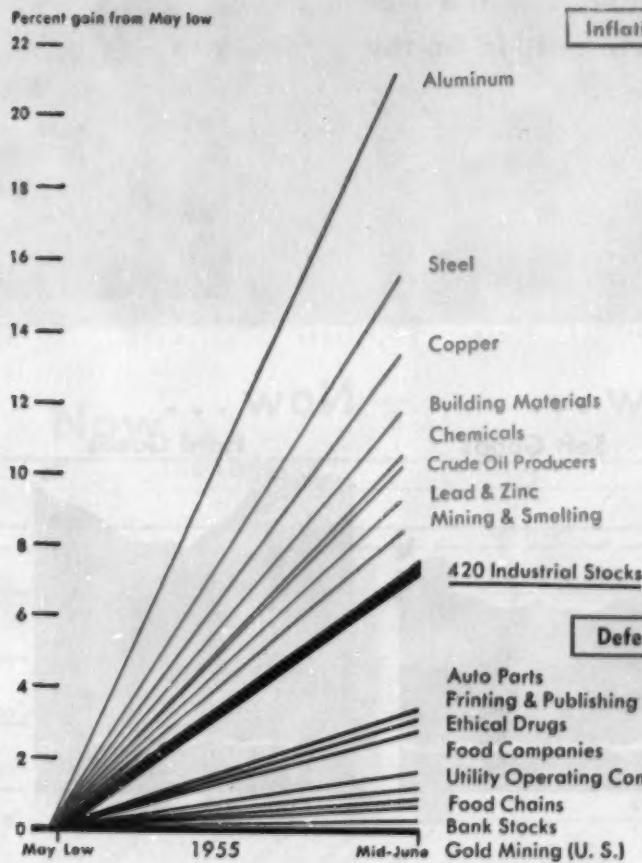
in paper-lined sockets. That's because of a heat-reflecting disc of aluminum between the base and the filament.

With all this extra value built in, the new bulbs list at a penny *less* than the old. For more facts on how General Electric gives you more for *all* your lighting dollars, write for a 16-page G-E progress report to lamp users. It's free, just write General Electric Company, Dept. 482-BW-6, Nela Park, Cleveland 12, Ohio.

*Progress Is Our Most Important Product*

**GENERAL**  **ELECTRIC**

## In Today's Stock Market Rally Inflation stocks are getting the play



Data: Standard & Poor's Corp. Weekly Stock Indexes.

©BUSINESS WEEK



## The Boom in the Wake of GAW

Ever since the GAW settlements in the auto industry, the stock market has been acting as though it smelled great whiffs of inflation. You can see that vividly in:

The way prices have shot up. At midweek, Standard & Poor's daily index of industrial stocks was roosted smugly on the highest perch ever, a full 11% higher than when the summer rally started a month ago. What's more,

it was 220% above the low point six years ago when a minor price burp started the whole 1949-1955 bull market.

The nature of the stocks that have been the favorites in the heavy buying (charts above). The groups that have gone up fastest are such favorite inflation hedges as the oils and the metals. And the worst laggards have been the deflation hedges—food com-

panies and chains, electric utilities, banks, the groups likely to suffer least in bad or merely static times.

The whole trend indicates that the preponderance of investors and traders are moved by inflation fears. Plenty of the Street's smartest seers feel the same way. Says L. O. Hooper, of W. E. Hutton & Co.: "The main news force back of the new rise in stocks is the . . . [Ford-General Motors] . . . wage

settlements that are viewed as setting a new inflationary pattern."

Of course, there are other factors that may be pushing the market up. One group feels that the rise is largely a direct and almost technical reaction to the Ford-GM contracts. The peaceful signings, it is argued, put starch in the confidence of investors, and released a stampede of buy orders that had been poised with reluctant feet while crippling strikes were still threatening in an industry so essential to the business boom. Incidentally, much of this buying was by institutions that simply cannot hold up their incoming funds.

Even in this sort of buying there is some reaction to the inflationary potential that is so often seen in the GAW contracts and their impact on coming contracts in steel, electrical equipment, farm machinery, and other trades. But a sizable section of Wall Street gives only minor weight to the fears. This attitude was voiced by an analyst handling investment funds of one of the larger open-end funds. "To me GAW seems to indicate less deflation rather than more inflation," he said. "After all, the guys covered won't have any more money to spend, they simply will have more when they're out of work than they did before."

The group that goes furthest in discounting the effect of inflationary fears bolsters its view with some handy arguments. It has simple explanations for the heavy buying in the inflation hedges:

Metals are among the few commodities of which the world is short at the present time.

Oils lagged for a long time, and so are now making up their gap "behind the market."

Steel is booming, and has bright-seeming prospects.

Whatever reasons may be moving the market upward may prove to be fallacies. Perhaps there may be no inflation on the way. And perhaps the market is actually headed for a slump a la 1937 and 1946.

Already there's a hardy, growing band of worriers who dolefully declare they see deterioration in the market's basic position. They point to the reluctance of the rails to confirm the latest industrial highs (page 162).

And they also spot numerous other technical factors—the market's growing selectiveness, for one—like those that heralded the earlier economic collapses.

Still—though you can start bitter disputes by saying so—after you have given all due weight to doubts and technical matters, you have to fall back on fears of inflation as the thing that makes the most sense out of which stocks have been booming.

## U. S. Industrial

(1947-49 = 100, seasonally adjusted)

140

120

100

80

60

40

20

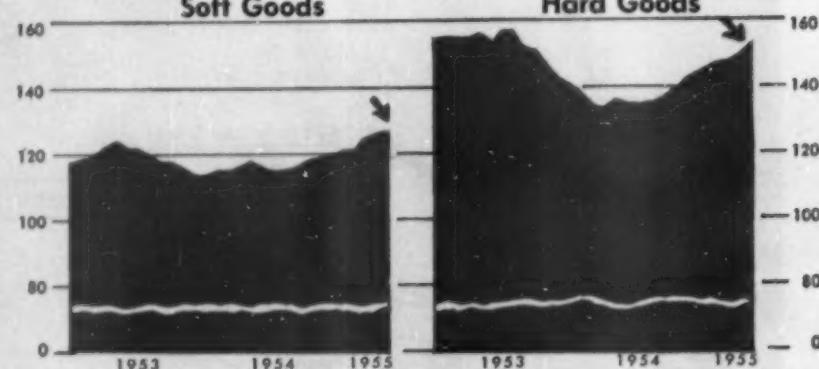
0

1947 1948

**It's riding a new peak—  
And this time the cash  
customer, not the war  
department, is in the  
saddle . . .**

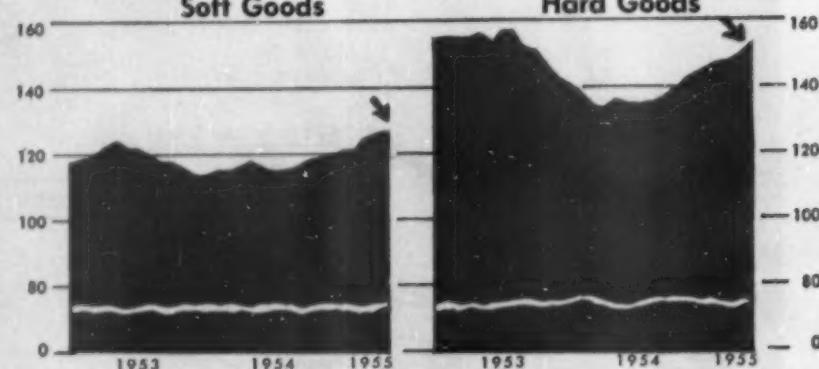
### Now . . .

#### Soft Goods



### Now . . .

#### Hard Goods



Data: Federal Reserve Board.

## The New Boom:

In the spring of 1955, historians will record, the U.S. economy pushed upward into an area it had never reached before.

Two things are distinctive about the boom that has carried business to these levels:

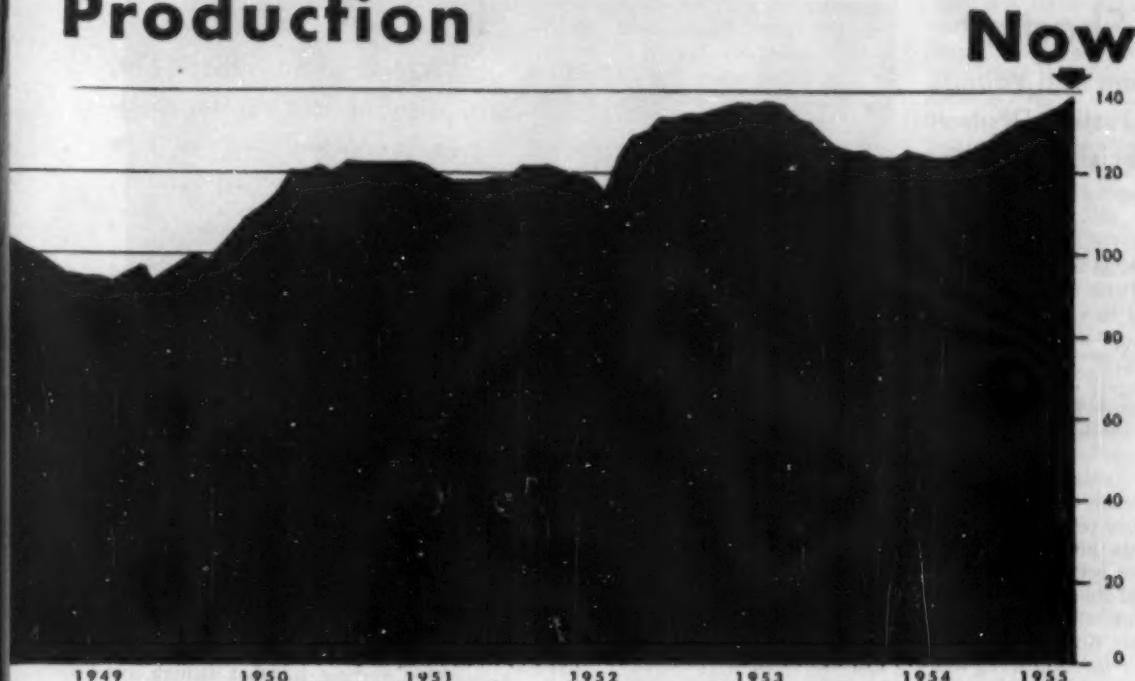
Its magnitude. In May, the Federal Reserve index of industrial production hit 138. This was one point higher than the peak that the index reached in the 1953 boom. And this time,

according to all indications, the index was still rising.

Its character. The drive behind the current boom is coming from consumers. It is reflected in the demand for things that are worn, eaten, driven, or used in civilian life. In 1953, much of the upward push came from the government's defense spending.

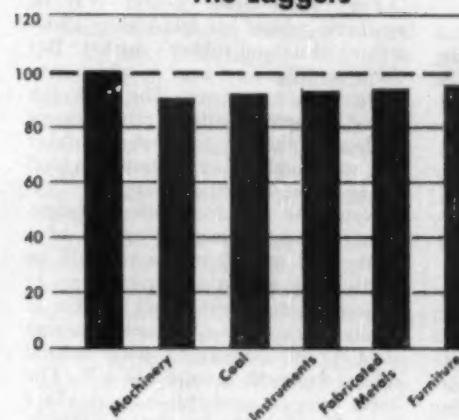
As a result, the product mix today is different. As the charts above show, hardgoods output is still lagging be-

# Production



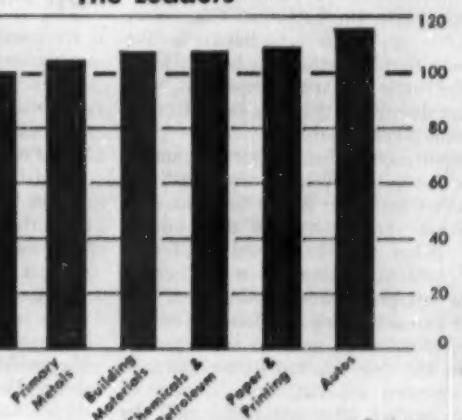
## Now...

### The L laggers



## Now...

### The Leaders



©BUSINESS WEEK

# The Consumer Is Running It

hind 1953's peak rate. Softgoods, as a group, are running ahead.

Within each of these broad categories, there are wide variations that reflect basic changes in the structure of the economy.

Much of the drop in hardgoods is explained by the decline in government spending for munitions. Outlays for military hardware are running 35% behind the levels of the second quarter of 1953. They were hitting an annual

rate of \$23.2-billion then; now they are down to \$15.2-billion.

Capital spending—though it's on the upgrade—hasn't yet got back to 1953 levels. Makers of machine tools and presses are running some 20% below their 1953 rate.

It is the consumer goods—and back of them the suppliers of basic materials—that are pacing the boom this time.

Passenger car output in May was 15% above 1953's peak. Building ma-

terials—glass, lumber, brick, cement—were ahead by 6%. Appliances are running even with 1953. Textiles and apparel, often a hard-luck industry, are only a point or so below their old peaks.

What this means is that the people of the U.S. are consuming goods at a higher rate than ever before. How long the boom lasts and how far it goes will depend largely on whether or not that rate of consumption keeps up.

## Merger Shortcut

**Bethlehem and Youngstown want Justice Dept. to speed up decision on their wedding.**

Bethlehem Steel Corp. is so determined to push ahead with the Youngstown Sheet & Tube Co. merger that it is now willing to risk a court test. But the company would like some assurance first that the court fight wouldn't last forever. If final adjudication could come in 12 or 18 months, apparently that would be satisfactory to both Bethlehem and Youngstown.

They fear that normal legal processes would consume much more time—probably as much as five years, maybe more. The companies do not feel that they can let themselves get involved in litigation that would drag out so long.

• **Expediting**—Now their hopes for a speedy decision are tied to a little-used law that provides for expediting cases "involving general public importance." This act empowers the Attorney General to demand impaneling of a three-judge court "at the earliest practicable date" to hear a civil case in which the U. S. government is plaintiff under the Sherman Act, the Interstate Commerce Act, "or any other acts having a like purpose that hereafter may be enacted."

The catch is that the expediting procedure doesn't start unless the Attorney General takes action.

Department officials say the mechanism was formerly used often in Sherman Act cases but hasn't been used in 10 years. To the best of their knowledge, it has never been used in Clayton Act cases, and there has never been a court interpretation of "other acts."

• **At Impasse**—The Bethlehem-Youngstown merger has reached an impasse.

On the one side are Bethlehem and Youngstown officials, plus buyers of steel, worker representatives, and the municipalities in which Youngstown plants are located.

On the other side, the Justice Dept. opposes the merger.

• **Answer**—Bethlehem officials have concluded, therefore, that the only solution for the question is in the courts. That's what Arthur B. Homer, Bethlehem president, told the Senate Monopoly subcommittee last week.

It was Homer's contention that a merger doesn't get prevented today by a court's determination that it violates the antitrust laws. "It gets prevented," he maintained, "regardless of what a court might eventually decide, by strangulation because it isn't possible to get a judicial decision in any reasonable period of time."

• **Justice Dept. View**—Indications are that the Justice Dept. doesn't go along with Bethlehem's analysis of the situation. Officials claim that, even if the expediting device could be and was used, it wouldn't speed up matters.

They feel that it wouldn't take five or more years to get a ruling in a Bethlehem court test. They outline it this way: The government would request a temporary restraining order whenever Bethlehem took a formal merger step. Then the government would move for a preliminary injunction against carrying out the terms of the contract. This would probably be granted, and it would run while the litigation was pending.

Justice people say that the courts try to act as fast as possible in such cases. And, if the defendant doesn't cause delays by fighting entry of the preliminary injunction, the court can get down to trial on the merits.

Basically, the government feels that, if Bethlehem wants a quick test and wants to go ahead with the merger, the thing can be decided in a lot less than six or eight years, from beginning to end.

## GM Draws a Bead On Atomic Power

A routine announcement this week may point to a new turn in the course of the General Motors empire. The announcement: Dr. Lawrence R. Hafstad will head GM's research when Vice-Pres. Charles L. McCuen retires.

Hafstad now directs atomic energy studies for the Chase Manhattan Bank, formerly directed the Atomic Energy Commission's division of reactor development.

It's not hard to guess that GM may move into the field of nuclear power for industrial use, through either its Electro-Motive Div. or its diesel divisions. With the first round of railroad dieselization finished, E-M is scrabbling for business (BW-Jun.18'55,p28), and GM is believed to have already some 40% to 50% of the non-railroad diesel business.

• **Worlds Conquered**—For years, GM top brass has been quietly pondering where the corporation goes from here. In automobiles, it can't go much beyond its present 50% of all sales; its Chevrolet and GMC trucks already lead their field; in buses it has virtually no competition; Frigidaire is among the leaders in appliances; Delco is far in front of most auto and truck equipment suppliers.

It looks as if Hafstad's prime duty will be to point out, through research, new non-transportation worlds for GM to conquer.

## It's Natural, Too

**Goodrich's synthetic tire, duplicating tree rubber qualities, reported within five years of commercial use.**

An official of B. F. Goodrich Co. is telling company customers that his company will be independent of natural rubber within 10 years. Within five years, customers hear, Goodrich expects to have on the commercial market a synthetic tire that duplicates the performance of natural rubber.

The company has made no official announcement on this development, though it did say in December that chemists at Goodrich-Gulf Chemicals, Inc.—a jointly held company of Gulf Oil Corp. and Goodrich—had succeeded in reproducing the true molecule of crude, or tree-grown, rubber. Goodrich-Gulf did not say then that the new process had commercial possibilities. It did say that the process might be useful in wartime, but that its high cost would dampen its effect on the natural and synthetic rubber markets.

Since December, Goodrich-Gulf apparently has found a way to force down its cost of production.

• **For Trucks**—Since World War II, synthetic rubber has taken away about a third of natural rubber's market. But there is still a vast area in which synthetic cannot compete. The truck tire is one example. Synthetic cannot throw off heat in the way that natural rubber can, so natural rubber continues to hold strong among the truck fleets.

Now, the Goodrich official's statement that a commercial version of a synthesized natural rubber tire will be on the road within five years seems to indicate that Goodrich will be able to produce its synthetic-but-natural rubber at a price competitive with natural rubber—currently around 34¢ a lb. The lower price of synthetic—now at 23¢ a lb.—will not matter, since the new rubber apparently is to be made to compete with natural rubber, rather than synthetic.

• **The Raw Material**—Goodrich-Gulf will not say what raw material it is using to produce the new rubber. The company did say in December that different materials are used from those in standard synthetic rubber, and that the new rubber could not be produced in the then government-owned synthetic rubber plants. People in the industry speculate that the material might be polymerized isoprene. Natural rubber is simply one form of isoprene, and it is possible to produce isoprene from natural gas, which Gulf would be quite able to supply.



DEMOCRATIC chiefs, Speaker Rayburn (left) and Senate Leader Johnson, seize upon bill to provide added benefits, to get Democrats out front in the . . .

## Party Race on Social Security

Social Security benefits are headed for further liberalization—fast. The Democrats in the House started the ball rolling this week in the Ways & Means Committee. The party leadership in both houses—Speaker Sam Rayburn and Senate Majority Leader Lyndon Johnson (picture)—gave the go-ahead last week.

By next week the legislation will move on to the House floor, and then head for what Democratic leaders hope will be an expedited trip through the Senate. Johnson's move gives them reason to hope, because he won't take up a Democratic-sponsored measure unless he has the votes to pass it.

• **Getting the Credit**—The explanation for the unexpected action this session is political. For years, the Democrats considered Social Security their baby—conceived, birthed, and raised to a lusty infant under a paternalistic Democratic regime. Then last year the Eisenhower Administration moved in—it broadened coverage and liberalized benefits. The Democrats didn't like it, but they had to go along; nobody can afford to vote against the old folks.

The reason for acting now: Start the legislation this session and whatever results will be a Democratic bill. Waiting until next session would mean Eisenhower might include it in his State-of-the-Union message; then anything passed would become an Admini-

stration accomplishment. But even if the bill clears only the House this session, it will have a Democratic label. Then if the Senate passes it next session the Democrats could claim credit.

• **Proposals**—Basically, this is what the Democrats want:

- To lower retirement age for women from 65 to 62.
- To make benefits payable immediately to totally and permanently disabled workers instead of keeping their benefits frozen until age 65.
- To continue benefit payments for dependent disabled children after they reach 18. Now benefits cease for all dependent children at 18.

In addition, the Democrats are willing to broaden coverage. A select subcommittee on survivor benefits is recommending contributory coverage for the armed services, with the government matching payments on base pay as employers match employee contributions. An attempt will also be made to cover in some of the professional groups that were rejected in last year's bill—lawyers and dentists, at least.

• **What They Do**—Here's how the expanded program would work and what it would cost:

The motivation behind dropping retirement age for women is twofold: (1) to help the widow who has trouble finding a job; (2) to help the male worker who has reached 65 but who

does not retire because his wife has not reached 65. He cannot draw full benefits until she, too, reaches retirement age. Actuarial studies show that there is roughly a three-year spread between the average age of the husband and wife, so that when the man reaches 65 his wife is probably about 62.

Aim of the change is to provide an incentive for older workers to retire, and open up jobs for younger ones.

Social Security actuaries estimate that lowering the women's retirement age will enable an additional 700,000 to draw benefits at an added annual cost of \$350-million to \$400-million. This would mean a cost increase equal to an additional one-half of 1% of payroll. Though the legislation now proposed does not include tax changes, the added cost would eventually call for a tax of 4½% on the first \$4,200 of income, against 4% now, split equally between employer and employee.

• **Disability**—On the proposal to make retirement benefits available immediately to the totally and permanently disabled, sponsors of the legislation, such as Rep. Wilbur Mills (D-Ark.), argue that this would be a relatively simple matter. They note that the method for determining total and permanent disability was worked out in the legislation passed last year, which "froze" a worker's wage record at the time of disability so his rights would not be impaired or lost.

The only problem—they claim—is to find the money for the payment. Actuarial studies indicate that there is no way of knowing what the demands on the fund would be in early years after passage, but that after 10 to 15 years the cost would be \$1.2-billion a year, with payments going to around 1.4-million disabled workers.

Groups such as the American Medical Assn. differ sharply with the Democrats on disability payments. The association will seek an opportunity to present its opposition views to the Senate Finance Committee.

The AMA bases its opposition on two scores: (1) A doctor is put on the spot when he is asked by a patient to certify permanent and total disability; and (2) the system would lead to "inevitable policing" by the government.

Cost of continuing coverage for dependent disabled children after age 18 would be relatively small—not over \$5-million a year.

• **Taxes**—The present law calls for increasing the Social Security tax by one percentage point every five years until by 1975 the rate reaches 8%. At that point the tax would level off.

New benefits would call for tax increases, possibly a step-up in the rate in three years, instead of five. For certain, the ultimate tax would have to go above 8%.

# These Men Are Studying What Taxes Do . . .

## ... to economic stability and growth:

Dexter Keezer, director, McGraw-Hill Economics Dept. Alvin Hansen, economics professor, Harvard University

## ... to budget policy for economic growth:

Gerhard Colm, chief economist, National Planning Assn. Edwin B. George, director, Dun & Bradstreet Inc.'s Economics Dept. Arthur Smithies, economics professor, Harvard. Donald R. Woodward, chairman, Vick Chemical Co.'s finance committee

## ... to the business cycle:

Milton Friedman, economics professor, Chicago University. Everett Hagen, economics professor, Massachusetts Institute of Technology

## ... to private investment:

J. Keith Butters, business administration professor, Harvard. Paul W. McCracken, business conditions professor, Michigan University

## ... to investment opportunities:

Arthur Elder, tax consultant, AFL

## ... to management and labor:

Clarence Long, economics professor, Johns Hopkins University. Robert Schulman, attorney, Washington. Lawrence E. Thompson, business administration professor, Harvard

## ... to real income and consumption:

George L. Bach, dean, Graduate School of Industrial Administra-

tion, Carnegie Institute of Technology. Peter Henle, assistant research director, AFL. D. Gale Johnson, economics professor, Chicago University. Richard Musgrave, economics professor, Michigan University

## ... to encourage consumption or investment:

John C. Davidson, National Assn. of Manufacturers. William Fellner, economics professor, Yale. Stanley Ruttenberg, research and education director, CIO. Paul Samuelson, economics professor, MIT. Emerson P. Schmidt, economics research director, U. S. Chamber of Commerce. Herbert Stein, associate research director, Committee for Economic Development. Sumner H. Slichter, economics professor, Harvard

## ... to personal exemptions and deductions:

Daniel Holland and C. Harry Kahn, National Bureau of Economic Research. Paul Strayer, economics professor, Princeton. William Vickrey, economics professor, Columbia. Melvin White, economics professor, Brooklyn College

## ... to capital gain:

Jonathan Brown, research director, New York Stock Exchange. Walter Heller, economics professor, Minnesota University. Carl Shoup, economics professor, Columbia. Stanley Surrey, law professor, Harvard

## ... to resource depletion:

Henry B. Fernald, public accountant, New York. Scott C. Lambert, Standard Oil Co. of Calif. Horace M. Gray, economics professor, Illinois University. Arnold C. Harber-

ger, economics professor, Chicago University. James Nelson, economics professor, Amherst College

## ... to treatment of depreciation:

E. Cary Brown, economics professor, MIT. Joel Dean, business counselor, Yonkers, N. Y. Robert Eisner, economics professor, Northwestern University. William Paton, accounting professor, Michigan University. George Terborgh, research director, Machinery & Allied Products Institute, Washington

## ... to sales and excise levies:

John F. Due, economics professor, Illinois University. Harley Lutz, National Assn. of Manufacturers. Edward C. Stephenson, vice-president, J. L. Hudson Co., Detroit. A. W. Zelomek, president, International Statistical Bureau, New York

## ... to corporation incomes:

Herbert A. Leggett, vice-president, Valley National Bank of Phoenix, Ariz. Thomas Tarleau, attorney, New York. Leonard L. Silverstein, attorney, Washington. Harry J. Riddle, attorney, New York. W. Bayard Taylor, dean, Claremont Men's College, Calif. E. Gordon Keith, chairman, finance department, Wharton School, University of Pennsylvania

## ... to expansion and contraction of the tax base:

Walter Blum, law professor, Chicago University. William Cary, law professor, Columbia. Thomas Atkeson, taxation professor, William & Mary College. Harold Groves, economics professor, Wisconsin University. Randolph E. Paul, attorney, Washington

# Test for Taxes: Do They Help

The men named in the table above have been assigned by Congress to produce—in the next five-and-one-half months—the most thorough scrutiny ever made of the economic effects of

U. S. tax policies, considered in the most searching detail.

They will pursue such elusive questions as how much tax a man will pay before he loses the incentive to pro-

duce, whether corporations should be taxed at all on their income, and whether we can have economic growth without inflation.

Their assignment is to find out what

#### ... to small business:

Morris Adelman, economics professor, MIT. Edwin S. Cohen, attorney, New York. Abraham D. Kaplan, senior staff member, Brookings Institution, Washington. John Lintner, finance professor, Harvard.

#### ... to income earned abroad:

Roy Blough, international business professor, Columbia. Emilio G. Collado, treasurer, Standard Oil Co. of N. J. John F. Costelloe, tax director, Radio Corp. of America. James K. Hall, economics professor, Washington University. George Howser, vice-president, Huber-Warco Co., Marion, Ohio. Ira T. Wender, attorney, New York

#### ... to deferred compensation and pension plans:

Herman C. Biegel, attorney, Washington. Eleanor Daniel, economic research director, Mutual Life Insurance Co. of N. Y. Challis Hall, economics professor, Yale. Leonard Lesser, research director, United Auto Workers, Washington

#### ... to state and local taxes:

Kenneth Back, executive director, National Assn. of Assessing Officers, Chicago. Eugene G. Shaw, State revenue commissioner, Raleigh, N. C. James Maxwell, economics professor, Clark University. Fred Bird, municipal research director, Dun & Bradstreet, Inc. Luther Gulick, city administrator, New York

#### ... to estates and gifts:

Louis Eisenstein, attorney, Washington. A. James Casner, law professor, Harvard. C. Lowell Harris, economics professor, Columbia. Boris Bittker, law professor, Yale

of its sponsors—five members of Congress who are members of a subcommittee of the Joint Committee on the Economic Report (BW—May 21 '55, p30).

Results are bound to play a big part in Congress next year, when several billions in tax cuts are considered.

The experts will report to the subcommittee early in December at a series of public hearings.

• **Top Question**—Probably the biggest single issue is the one that has harassed Congress this session and last:

To obtain maximum growth and stability, should tax policy favor more consumption or more investment?

This will occupy three days of the hearings, opening with a discussion of the effects of taxation on workers, farmers, and consumers in general. For example, Richard Musgrave, professor of economics at the University of Michigan, will report on whether consumption can really be stimulated to a substantial degree by tax policy.

The next day, the inquiry will turn to the investment side of the issue. J. Keith Butters of Harvard will develop the effect of high personal income tax rates on investment; Paul W. McCracken, another Michigan man, will deal with the impact of taxes on capital formation; Arthur Elder, consultant, will relate taxes to investment opportunities.

After these preliminaries, a blue-ribbon panel will spend a day bearing down on the topic: Promoting Consumption or Investment Through Tax Policy.

• **Guide**—The subcommittee hopes the findings of the experts will guide Congressional tax writers for years to come on this and other issues that crop up each year—such issues as these:

• What would be the economic consequence if personal income taxpayers lost the present system of deductions for such items as contributions, taxes, and interest, and rates were lowered accordingly? One estimate is that the lowest bracket could be dropped from the present 20% to 10%, and the top bracket from 91% to 40%, without any loss of revenue.

• What are the side effects of the faster depreciation granted in the Revenue Act of 1954? Are there harmful effects that should be considered along with the favorable expansion of investment? Some economists think there's something still unknown in this area.

• How important to economic growth is an increased rate of capital investment abroad, and what can be done about it through the tax system?

• Is there any way of correlating federal tax policy with state and local taxes, so they all will be working toward a single economic objective?

## Oilman Hits Cash

Glenn McCarthy gets \$4-million by selling a half-interest in his Bolivian concession.

Glenn McCarthy's Bolivian wildcat got a transfusion of new money this week. A syndicate of "about a dozen" men put up \$4,160,000 for McCarthy to draw upon in the next 17 months. In return, they get a half-interest in the oil concession held by Glenn McCarthy, Inc. (BW—Oct. 31 '53, p116).

Two names of the new group have come out. One is Robert B. Keljikan, 33-year-old president of the newly formed Keljikan Commercial Corp. of New York. He heads the syndicate. The other is V. B. Witherell, 35, president of the Sure Oil Co., Denver oil promoters and producers.

• **Well Timed**—For McCarthy, the infusion of capital comes at a convenient time. Two years ago, McCarthy said it would take \$5-million to develop the 870,000-acre concession, but public sale of shares in his company fell far short. Since then, McCarthy has been financing the Bolivia wildcatting out of his own pocket. Last month he sold his remaining interests in the Shamrock Hotel, Houston, for \$625,000 (BW—May 7 '55, p34).

McCarthy has two drilling rigs on the scene and is producing a trickle of oil (BW—Apr. 24 '54, p72). He plans to drill two new wells per month for 17 months, hoping them for a yield of at least 5,000 bbl. of oil a day.

Keljikan says the syndicate has still another \$2-million for further backing of McCarthy or "any other good investment that may come along."

• **Well Plans**—Present drilling is in the Los Manos section of Bolivia. This is canyon country on the eastern slope of the Andes, where wells must go down 4,000 to 5,000 ft. These relatively shallow wells are easier to drill and offer chance of a reliable though limited yield. Later, the promoters expect to drill wells up to 13,000 ft. in the Agua Salada lowlands, where return may be greater.

While drilling continues, the next step is to get delivery on a large order of pipe that's being rolled in Pittsburgh for July 15 shipment. This pipe will be used to build a 12-mi. line from two producing wells to a new pipeline the Bolivians have built from Camiri to Yacuiba, on the Argentine border.

Under McCarthy's 35-year contract, Bolivia takes delivery of up to 10,000 bbl. a day at the wellhead, resells to Argentina. Bolivia gets royalties of 16.5% to 40%, depending on volume.

# U.S. Grow?

taxes really do to the economy, how they help or hinder economic growth.

• **Unique**—It's this stress on discovering the economic impact of taxes that makes the study unique in the minds

# Geneva: Peace Moves Nearer

In high places, there's real hope of an end to the cold war. Russia needs a respite, and Moscow's price of settlement may be one that the West can accept.

The summit meeting in Geneva next month will be a success. It will clear the ground for an East-West settlement.

San Francisco has pretty well proved that. At the Foreign Ministers' meeting there this week, both sides are showing their readiness to work for concrete solutions of the big issues that divide East and West—disarmament, Germany, and Red China's international status.

• **Making a Start**—There will be no hard decisions on these problems at Geneva. But Pres. Eisenhower and Premiers Bulganin, Eden, and Faure can be expected to narrow down the differences between East and West. This way they will set guide lines for the foreign ministers to use in the real bargaining that will follow the summit meeting, a process that may produce results faster than anyone in the West has been daring to hope for.

The byproducts of the cold war—problems like China's offshore islands, Western trade embargoes, and the war prisoners still held by the Communists—will be cleared away in the process of the bargaining on the big issues. For example, Red China is already set to release the remaining American fliers, and the U.S. to approve an East-West commission that would seek a solution in the Formosa Strait. Before West Germany's Chancellor Adenauer goes to Moscow in the fall, there will be direct Soviet-German talks on German captives still held in Russia.

• **Real Hope**—In their public statements, Western leaders aren't predicting anything like this. They are taking a very cautious line on what's to be expected from Geneva. Actually, they are privately exuding more confidence than ever before—with Secy. of State Dulles and Chancellor Adenauer, it's real optimism.

When the Western foreign ministers met in New York last week there was general agreement with Dulles' belief that the Soviet Union badly needs to end the cold war.

• **Russia's Problem**—As Dulles sees it, Moscow's present peace overtures are real, not mere propaganda. Here's the reasoning:

In a strictly military sense Russia is stronger than ever. This spring it achieved something approaching equality with the U.S. in nuclear weapons and the aircraft to deliver them. This gives the Kremlin its own "position of

strength." But it's a position that can't be maintained without endangering the entire Communist regime.

That's because the U.S.S.R. has paid a tremendous economic price to reach its present military level. Today it faces industrial dislocation on top of critical food shortages (BW—May 28 '55, p25). Another round in the nuclear arms race would have disastrous results for the Communist empire. And the Kremlin knows that another round is inevitable if the cold war isn't ended. The U.S. Congress made that abundantly clear last week by appropriating additional funds for the U.S. Air Force. This appropriation is nothing compared with what would come if Geneva were to fail.

• **Needs to Relax**—There is no doubt that the Kremlin has an even more immediate reason for seeking a settle-

ment with the West. It needs a relaxation of tension at home—to convince the Russian people, who have paid the real price for the cold war, that a better life lies ahead. The Kremlin was trying to get that idea across when it gave the Moscow populace the unprecedented opportunity this week of hearing India's Nehru join with the Soviet Premier in making promises of peace and an easier life.

If this analysis is correct, Moscow is clearly ready to pay a price for an East-West settlement. At Geneva, Pres. Eisenhower will find out if the price is one that the West can accept. Events have moved so far already that Bulganin can't avoid showing the Kremlin's hand at that time. It may contain no more than enough to guarantee that the cold war will be gradually liquidated. But there's a chance it will contain sweeping and surprising proposals—for example, a package deal that would bring a unified Germany and Red China into the United Nations at the same time. Reports have reached Western Europe that this is the meaning of Nehru's prediction in Moscow that Peking soon would be seated in the U.N.

## For Autos: A Vote of Confidence

GM announces additional \$500-million expansion; Ford plans additions to house new line.

With new three-year labor contracts giving some assurance of labor peace, General Motors Corp. and Ford Motor Co. this week took the wraps off capital investment programs they had laid aside until the labor situation clarified.

For GM it means a virtually across-the-board expansion of facilities for its automotive divisions to the tune of \$500-million in the next 18 months. For Ford it means additional capacity to handle its forthcoming new series of cars in 1957, part of the \$625-million new expenditures announced a month ago.

• **More of the Same**—GM's new program is on top of the \$1.5-billion it has budgeted for capital investment since January, 1954, the only clue to precise expenditure of the additional half-billion comes from Buick, which has announced that its part of the program will be designed to increase capacity from 750,000 cars a year to 1-million cars. Buick's part of the new investment is believed to be upwards of \$100-million. Buick says most of its money will go for tools, very little for brick-and-mortar—most of the latter going into enlarging the engine plant, Buick's major bottleneck at the moment.

• **Ford's Program**—Since Henry Ford II announced the new capital invest-

ment program, his company has begun to sketch in the outlines of the new facilities:

• A new engine plant at Lima, Ohio (presumably for a new car tentatively labeled the Edsel).

• Addition of 300,000 sq. ft. to its Cleveland Engine Plant No. 2.

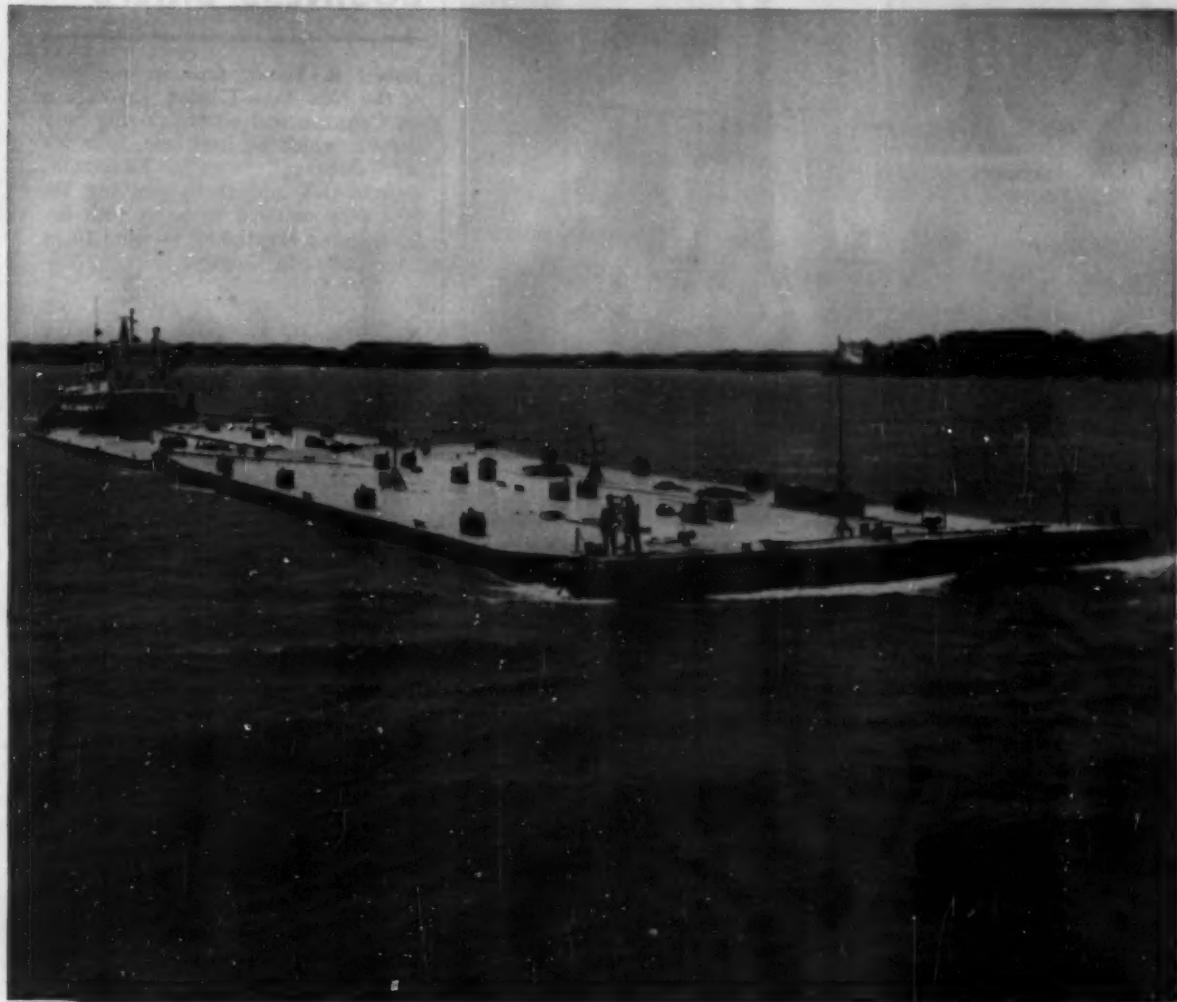
• Addition of 70,000 sq. ft. to its Cleveland foundry, which supplies both of the engine plants in that area and will also supply the plant at Lima.

• A new transmission plant at Sharonville, Ohio, near Cincinnati.

• Additions to the metal stamping plants at Buffalo (200,000 sq. ft.) and Walton Hills, Ohio (215,000 sq. ft.). This brings both plants up to approximately 1.5-million sq. ft.

While for entirely different purposes—GM's for expansion of existing car divisions, and Ford's for expansion to accommodate new lines—both programs have one feature in common: optimism about the size of the future auto market. Both GM and Ford are convinced—particularly by sales so far in 1955—that 7-million to 8-million car years are just ahead, and that existing facilities are inadequate for that kind of market.

You can expect to see a growing number of new or expanded plants announced by the two manufacturers.



## Mark Twain Wouldn't Know His River

The romantic packet steamers have practically all vanished. But "Ol' Man River" teems with a different kind of traffic today. The star of this new show is the homely towboat, helping industry move its wares in record quantities to many markets.

These rugged "pushers" play a vital part in Sinclair's transportation set-up. The system provides lowest cost transportation for the products of three Sinclair refineries—Houston, Wood River and East Chicago—all the way from the Gulf to Lake Michigan.

Last year, Sinclair's inland waterway operation, particularly along the Mississippi and the Intercoastal Canal to Houston and Corpus Christi, increased 35 per cent in volume and 67 per cent in barrel-miles.

Sinclair's towboats, barges and sea-going tankers supplement its unparalleled pipeline net work—the longest in the world. This flexible system enables crude and refined products to be delivered to all types of markets at a minimum of distribution cost. Economical transportation provided by the Company's operating subsidiaries is another reason for Sinclair's continued leadership in the highly competitive petroleum industry.



## BUSINESS BRIEFS

Robert R. Young, financier and boss of the New York Central, has an eye on Canadian real estate. Young held a stake, which he later sold, in a 30-acre shopping center in Edmonton, built by U.S. interests to open Aug. 18. Now he's rumored to be in with another group negotiating for land for a huge center in Calgary.

New cigarette lag appeared in April after three months of climb. The Internal Revenue Service reports that shipments were off 6% from the year-before figure. Meanwhile, the National Cancer Institute guessed that 1.5-million people had given up cigarettes in the 18 months ending last February.

Shift at Republic: Tom Girdler has yielded the reins of chief executive officer of Republic Steel Corp. to Charles M. White. Formal titles remain unchanged with Girdler as chairman and White as president.

1956 auto prices will be up all along the line, in the opinion of R. C. Summerville, sales director of Chrysler's Dodge Div. Summerville predicted that rising labor and material costs would make the increased prices industrywide.

Fond angel: Thompson Products, which owns a 49% interest in Ramo-Wooldridge Corp. (BW-Jan. 15/55, p. 66), has arranged \$20-million financing for the West Coast electronics outfit. Thompson Products will buy \$4-million in new R-W preferred stock, and put up the rest of the money as a revolving credit. Key employees still keep control of R-W, but this deal provides options by which Thompson Products could eventually up its interest to 84%.

The consumer's wallet was neither fatter nor leaner early in 1955 than a year before, the Federal Reserve Board reports. A survey in January and February showed that a moderate drop in pretax income was canceled out by a drop in income tax.

Tidal ghost walks: The long-ago-discarded project to harness the mighty tides of Passamaquoddy Bay to produce electricity is showing signs of life. With the blessing of the Administration, the Senate has already approved a \$3-million study of the project; it's up to the House now.



There's no interruption of office routine when installing Weldwood Movable Partitions. Workmen install partitions in offices of General Dynamics Corporation, New York City, during regular business hours.

### Beautiful wood paneled offices yet you can change them overnight!

Now with Weldwood Movable Partitions you can have all the beauty of real wood paneling plus quick-change flexibility.

**Inclusive Weldwood metal key construction** locks panels together quickly and rigidly yet allows rearrangement in a few hours.

**You save up to 50%** in installation costs because Weldwood Partitions are extremely simple and have few parts; they can even be installed by your own maintenance crew or complete installation service can be provided.

**Superbly grained walnut, natural birch and blond Korina® Partitions** are regular stock items; mahogany, elm, maple, oak and other woods are available on order. The distinctive beauty of real wood paneling complements any decorating scheme, is an important factor in employee morale.

**No painting—no redecorating.** Occasional waxing is the only maintenance needed!

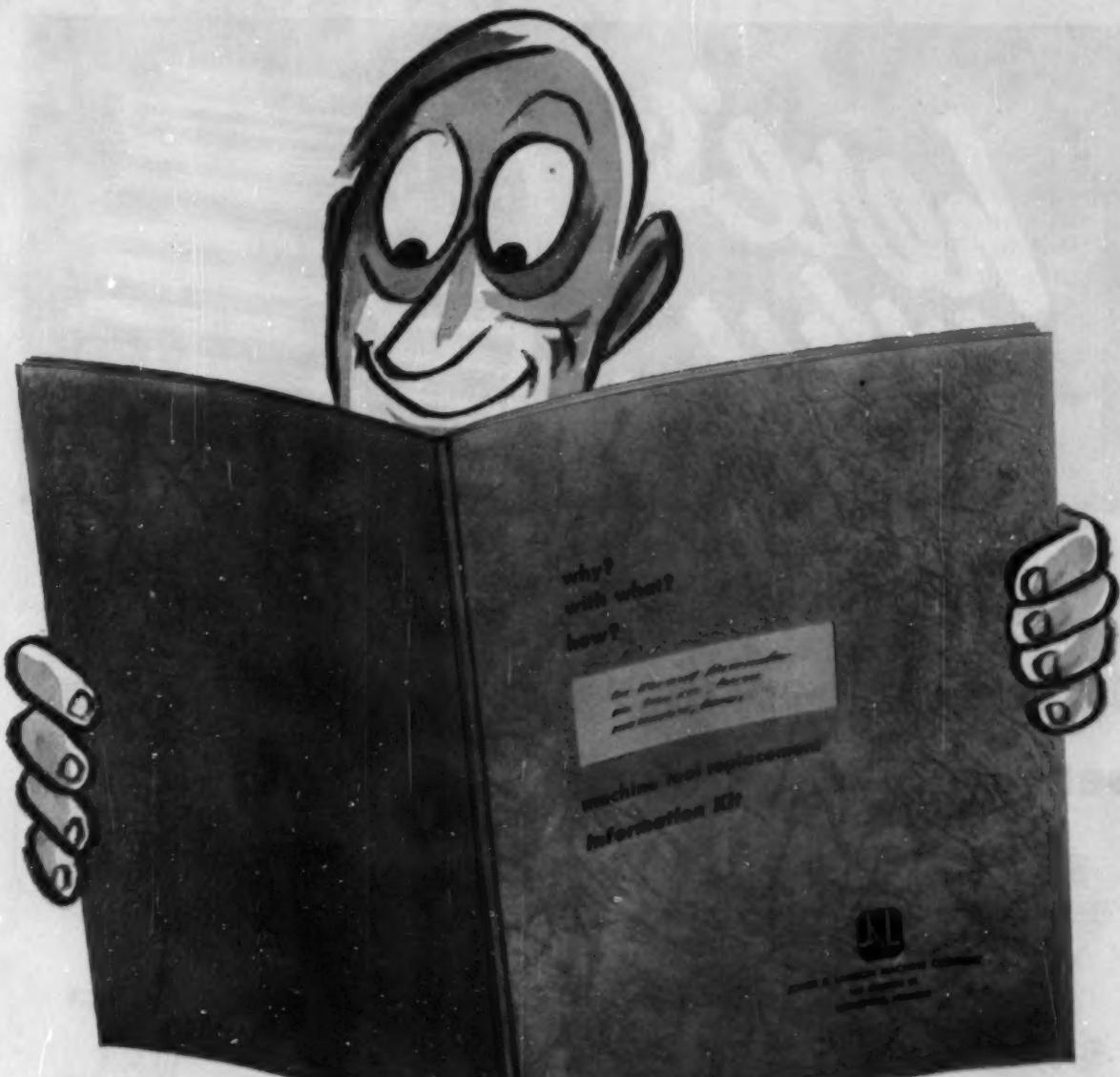
**Fire-resistant Weldrok® panel core** is an effective sound barrier—it's twice as efficient in absorbing office noises as a 2x4 stud partition with metal lath and plaster on both sides!

**Like to know more?** Ask your architect (he'll find all specifications in Sweet's Files) or write for descriptive brochure and name of nearest distributor to United States Plywood Corporation, Dept. BW-6-25-5, 55 West 44th Street, New York 36, New York.

**Weldwood®**   
**MOVABLE PARTITIONS**  
A product of  
**UNITED STATES PLYWOOD CORPORATION**  
World's Largest Plywood Organization



Beautiful walnut Weldwood Movable Partitions and Weldwood Mineral Core Doors are used throughout executive offices of General Dynamics Corp. Arch: Ethel P. Warren. Distributor: Nuroco Woodwork, Inc.



# NEW BOOKLET TELLS

management how a well-ordered replacement program can help them fulfill their requirements.

Send this coupon now! Please attach to your letterhead

# JONES & LAMSON MACHINE COMPANY

*The man who needs a new machine tool  
... is already paying for it.*

503 Clinton St., Springfield, Vt.

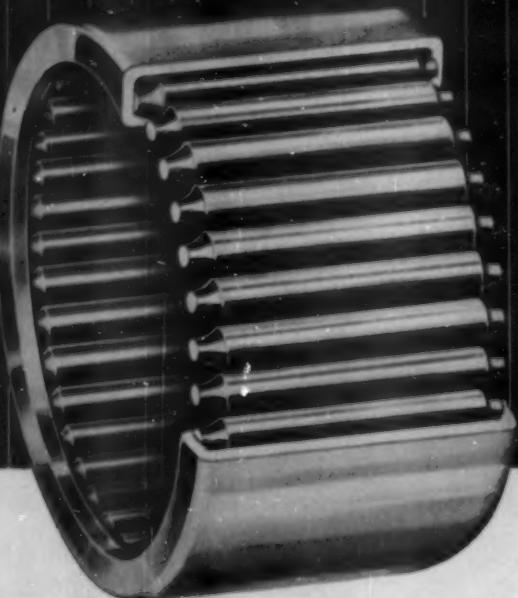
Please send a copy of J&L's Machine Tool Replacement Information Kit to:

Name. . . . .

*Title* . . . . .

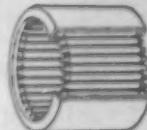
UNIVERSAL TURRET LATHES • FAY AUTOMATIC LATHES • AUTOMATIC DOUBLE-END MILLING & CENTERING MACHINES  
AUTOMATIC THREAD & FORM GRINDERS • OPTICAL COMPARATORS • AUTOMATIC OPENING THREADING DIES & CHASERS

here's  
why...



## TORRINGTON

### DC needle bearings give high-capacity performance in minimum space



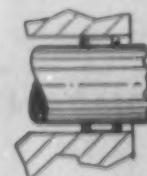
**Unique construction**—accurately drawn, surface-hardened shell retains rollers and serves as outer raceway.



**Full complement** of small diameter rollers—precision-ground and through-hardened—assures top capacity by distributing load over large number of contacts.



**Turned-in lips** of the case-hardened outer shell keep dirt and grit out, lubricants in—while retaining trunnion ends of rollers. All wear surfaces of outer race are case-hardened.



**No inner race** required on surface-hardened shafts—reduces space requirements, lowers unit costs.

**Simple assembly**—arbor press seats bearing in round housing bore. No collars, shoulders or retaining rings needed.



**Closed end type** DC Needle Bearings are available for stub shaft applications. The closed end provides a perfect seal at no extra cost.



Needle Bearings are made in a Precision Series for most applications and an Extra Precision Series where low radial play and minimum eccentricity are required. Easy lubrication through optional hole in shell or through hole in shaft assures long service life. Bearings can be pre-packed with suitable grease for those applications requiring grease lubrication.

See our new *Needle Bearing Catalog* in the 1955 Sweet's Product Design File—or write direct for Catalog No. 55.

**THE TORRINGTON COMPANY**  
Torrington, Conn. South Bend 21, Ind.

*District offices and distributors in principal cities of United States and Canada*

**TORRINGTON NEEDLE BEARINGS**

Needle • Spherical Roller • Tapered Roller • Cylindrical Roller • Ball • Needle Rollers

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
JUNE 25, 1955



For the tip-off on Eisenhower's 1956 intentions, watch the maneuvers now going on behind the scenes in a few key states.

Here's the situation: The GOP will have an uphill fight next year to win the Senate, even with Eisenhower heading the ticket. The Democrats have a big advantage in the 32 Senate seats on the block in 1956. Of the 15 they hold, 10 are in the South or other states regarded as "safe." This means that to recapture the Senate the GOP must hold onto the 17 seats it has (most in fighting ground) and gain at least two besides.

Senate candidates are being hand-picked in states where the Republicans figure they may be able to cut in on the Democrats. The hitch is that some candidates don't want to make the fight unless Eisenhower is on the ticket.

—•—

Take Oregon, where Sen. Wayne Morse will be up again. This ex-Republican broke with Eisenhower in the 1952 race, turned independent, then went over to the Democrats. The Republican given the best chance to get turncoat Morse's scalp is Paul Patterson, the popular governor. Patterson is quiet on his plans. But many Oregon politicians think the governor will take Morse on—if Eisenhower runs again.

There are similar situations in other states, with Eisenhower again the key.

In Washington state, where Eisenhower is strong, Democratic strongman Warren G. Magnuson is up in the Senate fight. GOP Gov. Arthur Langlie could be pulled into the Senate race by Eisenhower.

Ohio: Republican George H. Bender squeaked in last year for the unexpired part of Robert A. Taft's term. Feeling in the state is that Democrat Frank Lausche, the governor, can unseat Bender if Eisenhower is out of the race.

Pennsylvania: Republican Sen. James H. Duff faces the prospect of having Philadelphia mayor Joe Clark after his hide.

New York: Aging Democratic Sen. Herbert H. Lehman comes up next year. Figuring among politicians is that former Republican Rep. Jacob Javits, now the state's attorney general, might take Lehman if he had the benefit of Eisenhower's name at the head of the party's ticket.

—•—

All this adds to the pressures on Eisenhower to run again. Politicians hammer the White House constantly with arguments for a second-term try. So far as is known, Eisenhower has made no commitment. In fact, the President gives many of his visitors the impression he will be a one-term man. He talks of his life spent in public service, of being tired, and of wanting to get to his Gettysburg farm while he has the energy to develop the place.

The showdown is still months away. Even if Eisenhower were determined to run in 1956, announcement at this time would be inadvisable. An early announcement can help a candidate within his own party, but there's no fight against Eisenhower in the GOP. And if he came out now, the Democrats would go after him for keeps. It's harder to fight the programs of a President than the proposals of an avowed candidate for office.

—•—

You will probably get the official answer by spring. That's when candidates for Congress must file for nominations. In some key states—such as

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
JUNE 25, 1955

Ohio, Oregon, Indiana, and Pennsylvania—the deadlines come before the end of March. Figuring among the politicians is that Eisenhower's plans will be known early next year, either by announcement or political word passing.

Note the defeat of Rep. Wright Patman's investigation of the Federal Reserve System. Republicans did line up against it, but it was the Democrats who killed off the Texas Democrat's idea of putting the Fed's Open Market Committee on the grill. Explanation: Patman has been a Federal Reserve critic for many, many years. Feeling in the House was that he would use any inquiry to push his own pet ideas, not to make an objective appraisal.

## A sidelight on the Niagara power hearings:

The House hearings were about to be closed when Chmn. Charles A. Buckley (D-N.Y.) got what he thought was a call from former New York Gov. Thomas E. Dewey. The caller requested to be heard. A hearing was set for the next week. But on the hearing day, no Mr. Dewey showed up. When he was contacted, the governor said he knew nothing about the phone call—must have been an impostor.

The wheat farmer vote over the weekend is worth watching. Farmers are more sharply divided than ever over whether to approve tight acreage restrictions for their crops. The pre-election grumbling has been loud.

The Administration has won out so far on its reduced guarantees to farmers. But Washington figures that a wheat victory is a must to maintain Secy. Ezra T. Benson's program.

You can read this from the election—if quotas are defeated: A brand-new agriculture law will be before Congress to salvage the situation. Some new approach is almost bound to come out—modified Brannan plan guaranteeing a minimum market price for farmers' products, a so-called two-price system for free and controlled crops, or some variant thereof.

Want to contact foreign government buying agents? There are more than 100 foreign purchasing agencies in the U. S., representing 50 countries. You can get the latest listing by writing: Supt. of Documents, U. S. Government Printing Office, Washington 25, D. C. Ask for "Foreign Government Purchasing Agencies." Price: 10¢ a copy.

The increase in the debt limit to cover federal borrowing in the 1956 fiscal year, which starts July 1, is about to be considered in Congress. The debate will update revenue and spending estimates.

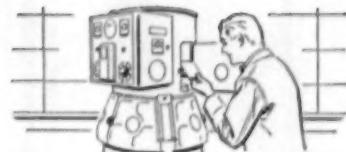
The two essential figures to watch: (1) receipts, which the Treasury still calculates at about \$60-billion, (2) spending estimates, which will also be about the same as the January prediction—some \$62.4-billion.

The social security program of the Democrats is political. The idea—earlier benefits for women, widows, and the disabled (page 29)—was thought up weeks ago by party leaders who were hunting for issues that might pay off next year (BW—May 7 '55, p37). Plan now is to get it through the House this year, then make a push for it in the Senate next year.



## COLOR FASTNESS

Permanence of color is a constant goal in the chemical coatings we supply to industry . . . as printing inks, industrial product finishes, textile colors and other surface films. And color is but one of many properties common to chemically formulated coatings. Adhesion, flexibility, wear resistance—on these and many more we bring to bear a technical attack based on continuing research, supplemented by lessons learned in serving many industries over many years. If your product requires a chemical coating for protection, decoration or communication, we offer authority and world-wide experience.



Interchemical uses the Fade-o-meter to subject coated test panels to synthetic sunshine in measuring color fastness. Six days in this cabinet equal fourteen months under the direct rays of the sun.

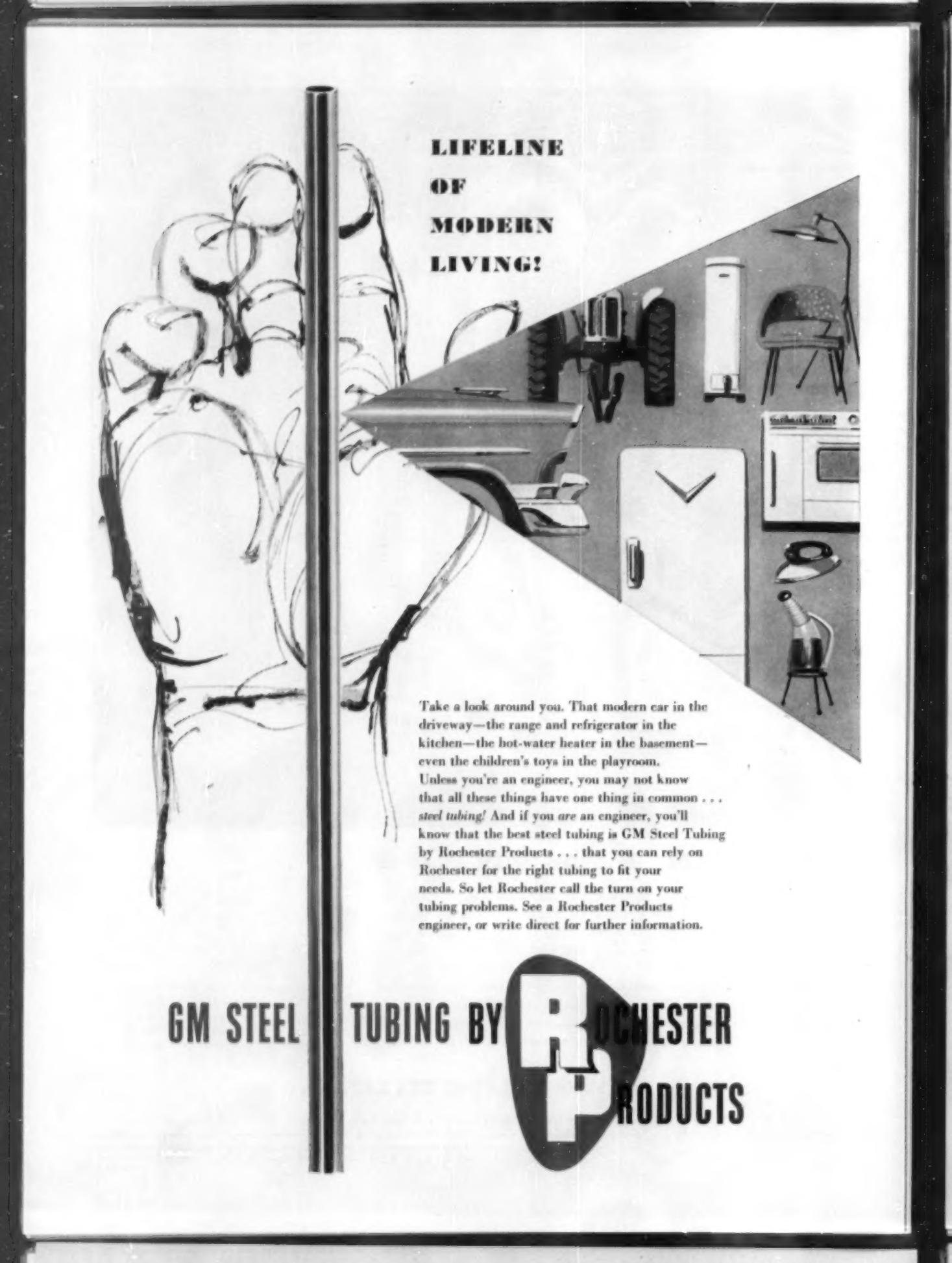
# Interchemical

C O R P O R A T I O N

E X E C U T I V E O F F I C E S : 6 7 W E S T 4 4 t h S T R E E T , N E W Y O R K 3 6 , N . Y .



IPI® and In-tag® Printing Inks • Interchemical® Industrial Finishes • Aridye® and Interchem® Textile Colors • A & W® Carbon Papers and Inked Ribbons • Cetan® and W & W® Coated Fabrics • R-B-H® Pigment Dispersions • Albion® Refractory Clays.  
\*TRADEMARK



## LIFELINE OF MODERN LIVING!

Take a look around you. That modern car in the driveway—the range and refrigerator in the kitchen—the hot-water heater in the basement—even the children's toys in the playroom. Unless you're an engineer, you may not know that all these things have one thing in common . . . *steel tubing!* And if you *are* an engineer, you'll know that the best steel tubing is GM Steel Tubing by Rochester Products . . . that you can rely on Rochester for the right tubing to fit your needs. So let Rochester call the turn on your tubing problems. See a Rochester Products engineer, or write direct for further information.

GM STEEL

TUBING BY

**R**OCHESTER  
**P**RODUCTS

# FINANCE

## MUNICIPAL BOND YIELDS:

They've edged up  
to a 12-month  
high . . .



1955

Jan. — 2.39 . . . . .  
Feb. — 2.42 . . . . .  
Mar. — 2.45 . . . . .  
Apr. — 2.43 . . . . .  
May — 2.41 . . . . .  
Jun. — 2.46\* . . . . .  
Jul. — . . . . .  
Aug. — . . . . .  
Sep. — . . . . .  
Oct. — . . . . .  
Nov. — . . . . .  
Dec. — . . . . .

. . . which is near  
last year's high  
of 2.54 . . .



1954

2.50  
2.39  
2.38  
2.47  
2.49  
2.48  
2.31  
2.23  
2.29  
2.32  
2.29  
2.33

. . . and well  
above 1952's  
best levels . . .



1952

2.10  
2.04  
2.07  
2.01  
2.05  
2.10  
2.12  
2.22  
2.33  
2.42  
2.40  
2.40

. . . but they're  
still way off  
1953's peaks.



1953

2.47  
2.54  
2.61  
2.63  
2.73  
2.99  
2.99  
2.89  
2.84  
2.72  
2.62  
2.59

\* June 15

Data: Standard & Poor's Municipal Bond Yields—Monthly Average.

## Buyers Are Getting Stubborn

As the table above shows, yields in the tax-exempt municipal bond market have stiffened markedly since the year began—and most rapidly in the past couple of weeks. While the ascent in Standard & Poor's yield index from around 2.40% to 2.46% may not seem of earth-shaking proportions, it nevertheless brings that index back near the peak levels of 1954. And most market observers are looking for it to go higher.

The yield index's climb—and the coincident price weakness of outstanding municipals—still doesn't reflect all the upward pressures on yields, especially those seen in the stickiness of recent new issues (BW—May 28'55, p180). Two prime examples of this stickiness came in the past couple of weeks, when Florida and Texas turnpike issues hit the market after being tied up for weeks by state controversies.

The Florida issue came first—\$74-million worth of bonds, secured by toll revenues, for the 103-mile Sunshine State Parkway. It was the biggest issue in an otherwise dull week, and there was plenty of initial interest in the 3.25% yield at which the bonds were offered.

But since the offering, interest has waned considerably. Institutional in-

vestors, usually big buyers of turnpike issues, didn't show much enthusiasm for the Floridas, even at the relatively handsome yield.

• **Buyers' Distraction**—Some observers said one reason for institutional investors' apathy toward the Florida issue was that these buyers were waiting to see what the terms would be on the \$58.5-million Texas Turnpike Authority issue, which came right on its heels. Underwriters were well aware of the interest in the Texas issue—an interest that had been primed by litigation that held up the offering for some time—and they sharpened their pencils to their finest. The winning bid represented the lowest yield basis in history for a road issue that wasn't supported by the public treasury and where construction hadn't even started. The bonds were reoffered to yield 2.80% for the \$15-million worth of 25-year bonds, and 2.90% for the \$43.5-million of 40-year bonds.

Investors balked at the less-than-3% yield, just as they have done in nearly every similar case this year. In the first 10 days of the Texas offering, only about one-half of the total was sold, and most of the sluggishness was in the longer term bonds.

One money market man summed up his view of "this kind of a market" by saying, "The whole market has been sloppy, with interest rates hardening down the line. I would expect further tightness, but there are just too many imponderables."

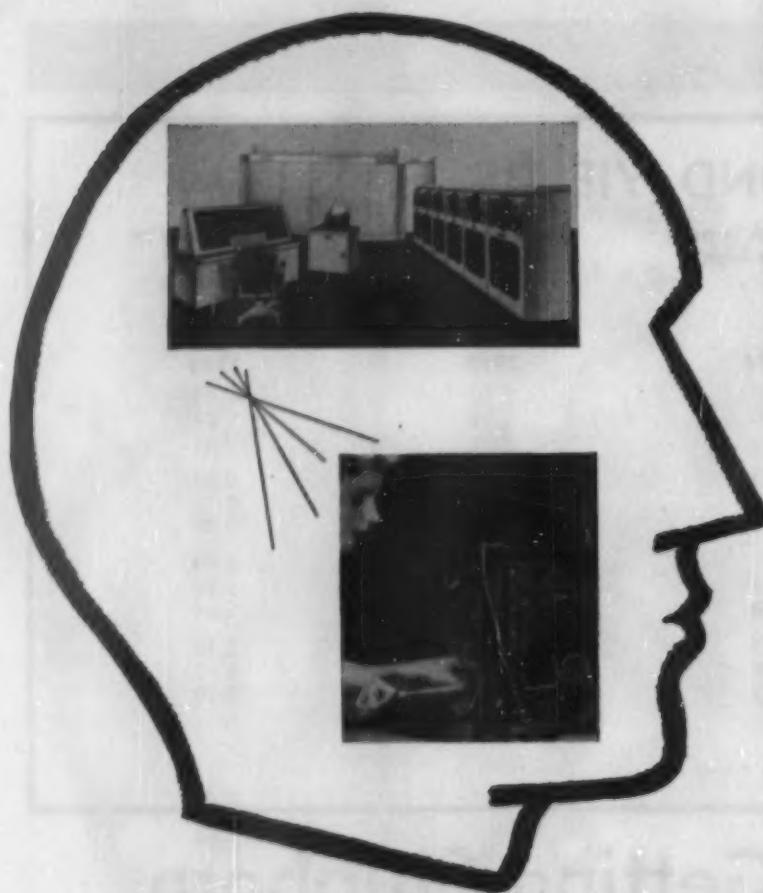
• **Big Ones Withdraw**—From an underwriter's point of view, sloppiness of the municipal bond market stems largely from the withdrawal of big investors from yields under 3%.

Despite indications of record activity in the municipal market, offerings so far this year haven't been particularly heavy; certainly nowhere near so heavy as in the first half of 1954. There have been very few issues of better than \$100-million and most of the activity has centered on top-grade issues of less than \$100-million.

Thus, the underwriters haven't had a lot of top-quality bonds to sell, and when such bonds have popped up underwriters have bid so fiercely that the resultant yield has been far below what the going market will readily take.

• **Guesswork on Future**—Those "imponderables" on which observers believe the future of the market is balanced are:

- How much activity will there be



## Metal ganglions for the mechanical brain

The nerve centers of modern electronic computers are the points of contact that permit the flow of electrical current from part to part. These points of contact must be firmly and permanently joined. Usually, delicate soldering operations are used for this purpose.

The electronics industry requires many tons of fine solders. The Federated Metals Division of American Smelting and Refining Company is a major producer of these solders.

Federated solders are the result of many years of research and development. Typical of advances made by Federated research are patented Castomatic bar and ingot solders. Made on automatic casting machines, controlled by electronic instruments, each bar or ingot is identical in size, shape and weight, with uniform composition unequalled by other methods of casting. Every bar gives the same results in the user's hand.

No matter what size, shape or composition you may need in a solder, think of Federated first as a source of supply. Our broad experience with all kinds of non-ferrous metals has earned us the name of Headquarters for Non-Ferrous Metals.

**Federated Metals**

DIVISION OF AMERICAN SMELTING AND REFINING COMPANY

120 BROADWAY, NEW YORK 8, N. Y.

In Canada: Federated Metals Canada, Ltd., Toronto and Montreal

Aluminum, Anodes, Babbitts, Brass, Bronze, Bio Coating Metals, Lead, Lead Products, Magnesium, Solder, Type Metals, Zinc Dust



in the new issue market in the second half of the year? Most money market men agree there'll be considerably more than during the first half of the year, but not so much as in the second half of 1954. The biggest jokers in this deck are turnpike issues that are stymied by litigation or investigation and have yet to be offered. Chief among these are \$400-million worth of Illinois bonds and \$100-million of Connecticut bonds.

• What actions will the Treasury take in its refinancings and its quest for new money this year, and how will the Federal Reserve react toward this financing, and toward possible shifts in the economy?

Most Streeters are looking for further firmness in interest rates, especially as long as the Treasury bond market—keystone of the interest rate structure—continues its present price weakness. Much of this weakness, and coincidentally, the weakness in municipals, stems from doubts about Treasury financing next month (BW—Jun. 18 '55, p. 46). There's general feeling in Wall Street that if the Treasury took half or more of its July money (say, around \$2-billion) by reopening the 3% bonds it first offered in February, it would cause some fairly drastic tightening in the long-term market. But if no long-term issue, or only a small amount of long bonds were offered the effect would be minor. If the Fed provides funds to handle the offering by lowering bank reserve requirements—which very few experts think will be the case—it is expected that they will be lowered only enough to give reserves adequate for the offering.

• More Pressures—There are other factors making for further upward pressures on yields. Bankers are talking as though a 1/2 of 1% hike in the prime rate is practically assured, and with unusually heavy business loans the hike could well come before September.

The huge and long-sustained demand for mortgage money is being felt now in stiffer terms in many areas, and government-insured mortgages selling at a discount, especially where home-building has been most feverish.

• Special Problem—A problem in this general atmosphere of tightening interest rates is the dealers' inventory situation. Right now, with around \$291-million worth on the Blue List, inventories don't look too large. It's the inventory's composition that's making dealers a little restive. Long term, good quality bonds on hand are largely those that weren't priced attractively enough to move fast. The only way to sell them in this kind of market is to cut prices. But the underwriters' bidding has been so tough that they can't cut prices too far and still make a profit.

# IT'S LYON



**5 TO 1**

Lyon also has complete facilities for manufacturing special items to your specifications.

• Key men in companies throughout the country have given Lyon five times more first choice votes than any other steel equipment manufacturer! And more than the next thirteen combined!

Those are the findings of a nationally known research organization that asked executives in 5,000 companies this question:

*"If your company were in the market for steel equipment such as steel shelving, lockers, work benches, shop boxes, etc., what manufacturers would you consider?"*

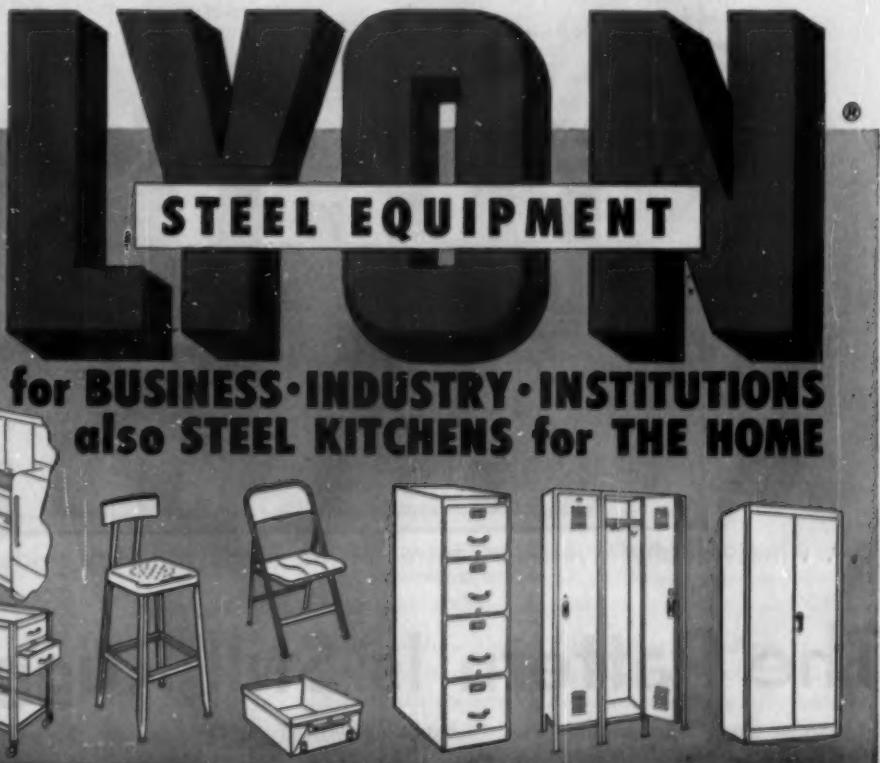
Your nearest Lyon Dealer offers the world's most diversified and most preferred line of quality steel equipment. (A few are shown below.) Equally important, he can show you how to get the most out of steel equipment in time, space and money.

## LYON METAL PRODUCTS, INC.

General Offices: 610 Monroe Ave., Aurora, Ill.

Factories in Aurora, Ill. and York, Pa.

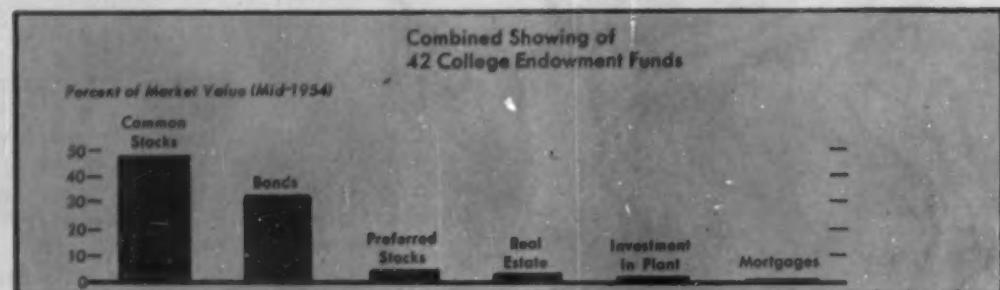
Dealers and Branches in All Principal Cities



### A PARTIAL LIST OF LYON STANDARD PRODUCTS

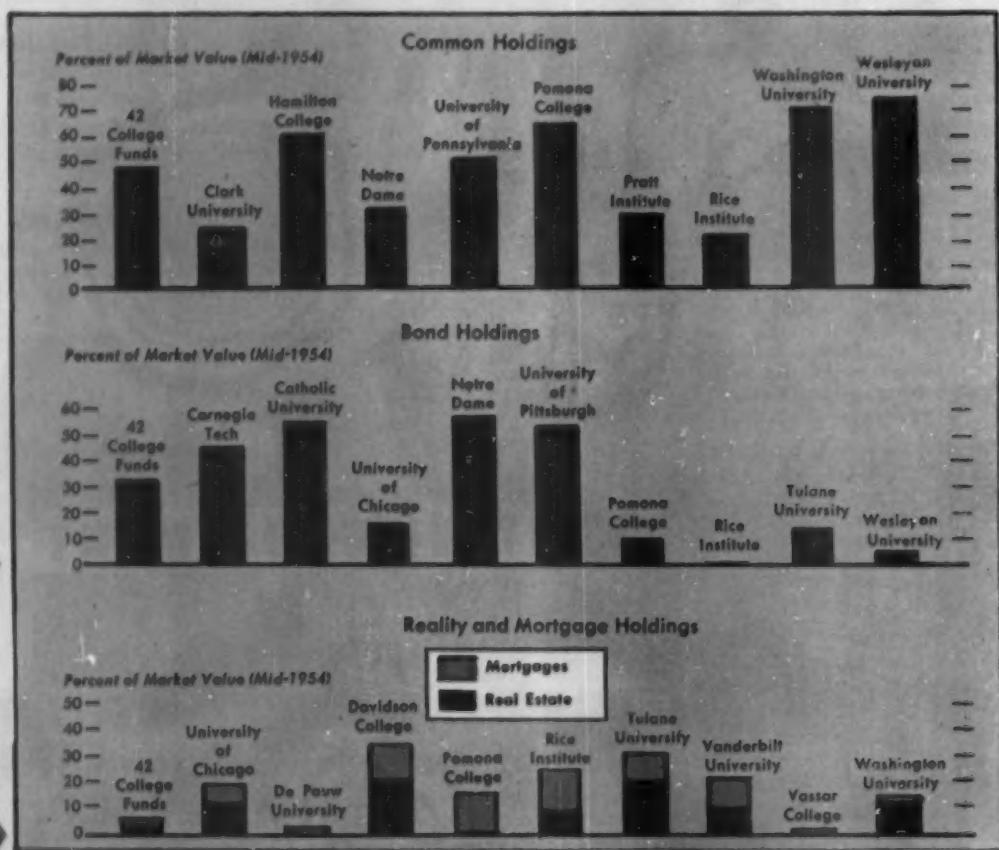
- Shelving • Kitchen Cabinets • Tool Trolleys • New Freedom Kitchens • Flat Drawer Files • Folding Chairs • Service Carts
- Lockers • Cabinet Benches • Bar Racks • Display Equipment • Revolving Bins • Coat Racks • Shop Boxes
- Stools • Storage Cabinets • Tool Boxes • Toolroom Equipment • Filing Cabinets • Work Benches • Drawer Units
- Bin Units • Drawing Tables • Parts Cases • Wood Working Benches • Hanging Cabinets • Bench Drawers • Tool Trays
- Drawing Tables
- Parts Cases
- Wood Working Benches
- Hanging Cabinets
- Bench Drawers
- Tool Trays
- Shop Boxes
- Drawer Units
- Shop Desks
- Shop Desks

## College Endowment Funds . . .



As a group, commons have long since become their favorite holding . . .

But . . .



. . . Individually investment tastes of the funds still vary widely

## The Pattern Is Still Rugged

Common stocks are continuing to gain popularity among the nation's privately endowed colleges and universities, mostly at the expense of the bond investments that once dominated their portfolios. But there's no uniformity at all in the trend; college treasurers

are showing marked individualism in their policies.

These are the salient findings in a survey of 42 leading schools just completed by Boston's Vance, Sanders & Co., principal underwriters for shares of a leading open-end fund group that

includes Massachusetts Investors Trust —biggest of them all with estimated assets of \$850-million.

The survey covered a wide diversity of institutions, from Harvard and its \$365-million endowment to Davidson College with \$4.4-million. The market

**NOTE:**

This advertisement originally appeared in leading newspapers on March 25, 1955. In effect, it is a statement of intent concerning the manufacture of PLIOFLEX — Goodyear Synthetic Rubber — and the PLIOLITE Latices. It is believed to be of sufficient importance to everyone concerned with the manufacture or use of rubber products to be reproduced here.

March 25, 1955

# *An announcement by*

# **GOOD<sup>Y</sup>EAR**

## *of importance to every manufacturer of rubber products*

Today is a most significant one to the rubber industry, to all American industry and to the Nation at large.

Today Congress has approved private production of synthetic rubbers and latices — and Goodyear thereby will become owner and operator of former Government-owned plants in Houston, Texas, and Akron, Ohio.

Under Government sponsorship, synthetic rubber made hurried but great strides forward. In four short, war-clouded years, it grew from little more than a laboratory oddity into a vital factor in our national security and economy.

Goodyear played an important role in the development of this modern miracle and in laying the foundation upon which it was built.

Goodyear researchers began work in earnest on synthetic rubber in 1925. Our first patent was dated 1927. Before the war we were operating our own plant, producing rubber superior to any previously made. In 1942, we began operation of the first Government-owned plant.

Synthetic rubber quickly became a real and essential part of our military, industrial and personal lives.

Today synthetic rubber stands on the threshold of even greater progress.

Today a new and stimulating ingredient-free enterprise—is added.

Goodyear looks upon this new ingredient as both a responsibility and a challenge.

It is a responsibility in view of unsettled world conditions and their threat to the supply and price of natural rubber.

It is a challenge in that it provides the opportunity to prove again the advantages of private enterprise.

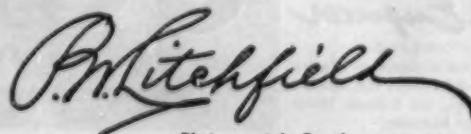
Here, in broad terms, is how we propose to meet these new obligations:

1. Through full realization of the importance of a strong synthetic rubber industry to our over-all economy and security.
2. Through maintenance, modernization and expansion of current facilities to meet a growing demand for synthetics.
3. Through a continuous, concentrated research and development program with new and better rubbers and latices as its objective.
4. Through the sale of a sufficient portion of our production to ensure free and fair competition within the rubber industry.
5. Through a constant emphasis on service and quality in the sale of our products to any and all of our customers.

Our immediate plans call for continuing the manufacture of the rubbers and latices in current production at Houston and Akron.

A number of improvements are already under way to provide our customers with rapid, continuous, reliable delivery and complete technical service.

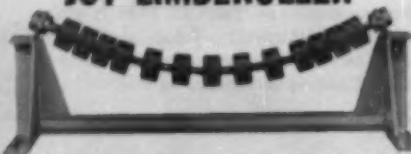
This new venture into the manufacture of synthetic rubber may well be considered the opening of a new chapter in the history of the company and the industry. We fully intend to make it one of our proudest achievements.



*Chairman of the Board, THE GOOD<sup>Y</sup>EAR TIRE & RUBBER COMPANY*

# We're Looking for Conveyor Haulage Problems!

## JOY LIMBERROLLER



MADE BY THE WORLD'S LARGEST MANUFACTURER  
OF UNDERGROUND MATERIAL-HANDLING EQUIPMENT



Put these idlers on your dusty,  
gritty or corrosive material jobs  
...watch them PAY FOR THEMSELVES

Joy Limberrollers are unique suspension idlers for belt conveyors. They consist of neoprene discs molded on flexible steel cable... a simple, give-and-take design that gives *exceptional* length of life. Only one bearing at each end—up out of the dirt.

On abrasive or corrosive jobs, a service life of ten or more times that of conventional idlers is not unusual. Witness the magnesium foundry where Joy Limberrollers have operated since February, 1953... and are still going strong! Compare this to the three-month life of the conventional idlers formerly used, *then figure the saving!*

For details on this modern, *new* solution to an old belt-conveyor problem, write for Bulletin LD-103 to **Joy Manufacturing Company, Oliver Building, Pittsburgh 22, Pa.** In Canada: **Joy Manufacturing Company (Canada) Limited, Galt, Ontario.**

WDI-1-5666



For Air and Gas Compressors, Vacuum  
Pumps and Boosters, Fans, Electrical  
Connectors, and Hydraulic Fittings  
and Hose Assemblies.

**JOY**  
SINCE 1851 . . . OVER 100 YEARS OF  
ENGINEERING LEADERSHIP

value of the combined endowments of the 42 institutions added up to \$1.9-billion at mid-1954. Just about half of that was in common stocks, compared with one third for bonds (top chart, page 44).

The three lower charts bring out the remarkable variety of the policies that add up to the pro-stock trend. Thus, in the movement away from bonds, about half of the 42 funds showed roughly a third of their market value in bonds. But another dozen shrank this share down to a range all the way from 25% to 2.3%.

The gains by stocks fell into an equally ragged pattern. For five of the funds, stocks accounted for 55% to 60% of value. Three others boosted this ratio clear up to 60% to 77% range.

• **Dissenters**—If the trend was clear, so was the solid number of the nonconformists. Ten funds, close to a quarter of the institutions surveyed, doggedly stuck to bonds, with these holdings varying between 40% and 50% of total value. Two others kept the ratio clear up to 57%. Six funds in all continued to hold more bonds than stocks.

The picture of diversity was not limited to stock-bond preferences. Mortgage and realty holdings were popular with one good sized group of funds, while another set shunned them almost entirely. Among the admirers of mortgage and realty investments, the ratio ran from 9% up to 31% of total value.

The most favored common stock holding of the group in mid-1954 was Standard Oil Co. (N. J.). Next in line were the commons of Union Carbide & Carbon, General Electric, General Motors, and Standard Oil Co. (Cal.).

## FINANCE BRIEFS

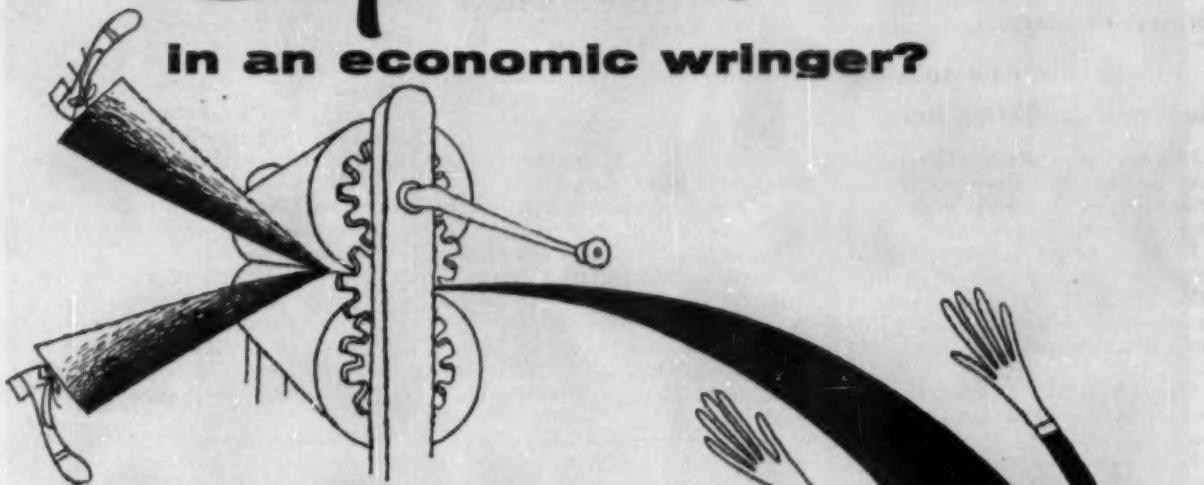
Business loans of New York City banks last week shot up a record \$431-million. Bankers say the mid-June date for corporate income tax payments was largely responsible. The total now stands at \$8,048-million, topping the year-ago mark by \$341-million.

U. S. Treasury debts due in the next 12 months now stand at \$66-billion. But efforts to lengthen maturities have made some progress; a year ago, the due-within-a-year debt was over \$75.5-billion.

“Watch consumer credit loans”: That’s the warning of the American Bankers Assn. to its members. ABA says, “Present conditions and practices involved in” auto financing are causing “some apprehension among bank and finance leaders.” It urges a new and sharper scrutiny of lending policies.

# Squeezed

**in an economic wringer?**

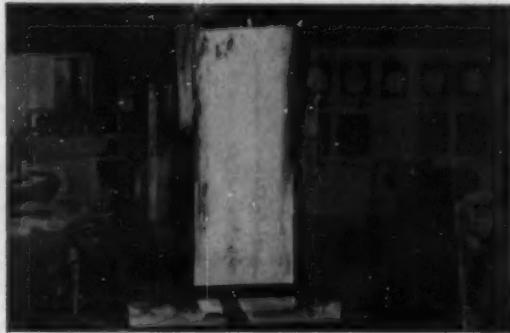


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Honeywell offers the most comprehensive line of controls in the industry, and prompt service from over 100 district offices. The Honeywell field man nearest you will be glad to discuss what modern instrumentation can do for you.

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BROWN INSTRUMENTS

*First in Controls*

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Honeywell's Automation Dictionary



# MARKETING

## New Links for Kroger Chain

● Food company strengthens position in Wisconsin, spreads to Texas.

● But new subsidiaries retain their own management and conflicting policies.

Last week Kroger Co., No. 3 food chain in the U.S., took over a new string of stores. It was the second such acquisition within a few weeks.

In May, Kroger bought Henke & Pillot, Inc., Houston chain of 26 stores (BW-May 21 '55, p148). Last week it bought—terms unknown—a lively 25-store chain in Wisconsin: Krambo Food Stores, Inc.

• **Significance**—Taken together, these two moves are significant on several counts.

First, they make it plain that the members of the Super Market Institute meant it when they reported they had big expansion plans (BW-May 14 '55, p120).

Second, they set the industry to asking some questions about Kroger itself. While this chain has been plowing steadily ahead—it is one of the three food chains in the billion-dollar club (BW-May 7 '55, p44)—it has stayed mostly in its own backyard, the Middle West. With the acquisition of Henke & Pillot, it went farther away from its Cincinnati home base.

• **Krambo**—The Krambo deal is a different matter. Kroger already had some 50 stores in Wisconsin. But until a year ago, it had no stores in Milwaukee; labor troubles in the 1930s had driven it out of that prosperous area. In effect, says one trade observer, the Krambo purchase is tantamount to moving into a new field. With its 25 stores Krambo outranked Kroger in sales in Wisconsin. Irvin S. Kramlich, Krambo president, believes his is the No. 2 chain in the state—though National Tea Co. would dispute this (A&P is No. 1).

Furthermore, Krambo has some expansion plans of its own—for which the sale of Kroger gives the necessary financial backing. Right now, it has six stores in Wisconsin under construction or soon to start. One of them, in Milwaukee's Southgate shopping center, will be the largest in the Midwest, according to Kramlich.

• **More Growth?**—Kroger officials have no comment on whether these two moves will be followed up with more store expansion. They flatly deny a

rumor that they are buying a third chain, in the Southeast.

But Kroger president Joseph B. Hall has already given his stockholders some inkling of Kroger's plans. The company borrowed \$20-million from a group of banks for construction of warehouses and other "general purposes."

Hall said the company is considering building a modern bakery in Indianapolis, to supplant an outmoded plant in St. Louis; it is also talking of building a plant to process instant coffee.

• **Price of Bigness**—Whether or not Kroger aims to move up the sales ladder to challenge the leaders—A&P and Safeway—its announced plans and its recent purchases underscore one trend: The big chains are paying the penalty for bigness—relatively small year-to-year sales increase.

If you want to find really fast growth, says Robert Mueller, editor of *Progressive Grocer*, you need to go even further down the scale to the local company that owns from one to 25 stores.

• **Sales This Year**—The aggressive pushing of the medium and smaller chains has been an important factor in food retailing for several years. But in this year's sales figures, a special incentive for Kroger is apparent.

For the first 20 weeks of 1955, Kroger just about kept even with its sales in the same period last year—with a 0.6% increase. A&P doesn't give out interim figures, but the trade believes that it, too, has found it hard to grow. For the same 20 weeks, Safeway reported an 8.8% gain; Jewel Tea, 12.5%; National Tea, 11.2%. For the first 13 weeks, Grand Union Co., another aggressive comer, boosted sales 19%.

• **Buying a Market**—Evidently Kroger had some incentive to act fast. At two strokes of the pen, it has added some \$90-million worth of selling capacity. Henke & Pillot's sales last year are estimated at \$50-million; Krambo's president expects sales in the 25 existing stores to top \$40-million in 1955.

Competition is one reason, trade observers feel, why Kroger bought instead of building. Buying is the fastest way into a market, for one thing. For

another, one expert believes that the competition is so sharp that it is difficult nowadays to establish enough new sites in a given area to support a warehouse.

Some people in the trade criticize Kroger's action as an unscientific way to expand. When you buy, you don't get the choice locations that you can hand-pick when you start from the ground up. Yet all the major chains have indulged in buying markets at one time or another.

• **Brand Fight**—On one more important point, the Kroger moves raise a question—without giving any answer. Is the perennial battle of private label vs. national brands getting hotter? If it is, what course will the big chains follow?

At least one big food processor says that the battle is quickening on this front. It reports that A&P—always a strong advocate of the private label—has recently given notice that it wants none of the usual brand-name retailing supports: store displays, advertising allowances. A&P wants this processor's merchandise on a price basis.

For years, Kroger has been cited as an outstanding example of a company that elected the opposite route. It was the first big chain to throw its weight behind the name brands (BW-Oct. 11 '47, p62). But observers believe that recently Kroger's endorsement of national brands has gone more to a form of lip service than a wholehearted acceptance of the big names. Last year, the company put on an institutional advertising campaign, explaining how its Food Foundation keeps its wares—particularly its private labels—up to quality standards.

It is possible to interpret Hall's talk of a new bakery and an instant coffee processing plant as signs that Kroger may be readying a more intensive push for its private labels.

• **Split Personality**—On the face of it, the purchase of two concerns such as Henke & Pillot and Krambo seems to underscore the schizophrenia of the food retailers on the brand question.

Henke & Pillot has forged ahead by relying heavily on name brands, on which it has maintained prices. Krambo has sold, like A&P, largely on price. Yet Kroger is leaving the management of both its new chains pretty much intact. And in some cases, notably several shopping centers, Kroger will have two stores competing within the same center: Kroger vs. Krambo.



## *What's that corroded flue doing in the Treasurer's office?*

Corrosion is very much a problem for every top-management executive. Take the Treasurer, for instance. Corrosion is the most needless waste of money on his profit and loss statement.

Needless—because it is being wiped out today in every industry in which

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Why not drop a note to Firestone today? Let's see how easily *your* corrosion headache can be eliminated.

*\* Corrosion is, indeed, every executive's business. And the unqualified success of Exxon resins has made it Firestone's business.*

# Firestone



.....CHEMICAL SALES DIVISION

FIRESTONE PLASTICS CO., DEPT 21P, POTTSSTOWN, PA.  
A DIVISION OF THE FIRESTONE TIRE AND RUBBER CO.



RAY GLIDER puts to test boss's theory that there's profit in . . .

## Sending College Boys On a Salesman's Job

Selling beer can be a pretty lugubrious occupation these days, when per capita beer consumption is way down from its levels of 20 and even 40 years ago. Its practitioners generally spend their days touring the taverns in their territories. Over the years, they've made friends with the bartenders and they like to sit around on hot summer afternoons, swapping a few stories, in the cool, damp quiet of the taverns.

But just look at the beer salesman in the picture above. He's a hustling 24-year-old from the University of Houston. There, he's majoring in marketing, taking a minor in education. He's selling beer three and a half hours a day, five days a week. His territory covers

about 40 supermarkets and grocery stores in the booming suburban areas of Houston. His product is Grand Prize GP-20 beer, from Houston's Gulf Brewing Co. His name is Ray Glider, and his sales technique is the product of Texan advertising boss, brewer, rancher, oil wildcatter, and radio producer and writer, Stephen R. Wilhelm.

• **New Field**—Wilhelm came into the brewing business from outside. He's basically an advertising man. It was through years of adept handling of accounts for Howard Hughes's interests in Texas that he was able to move, a little more than a year ago, into the presidency of the Hughes-owned Gulf Brewing Co. Long a protege of Noah

Dietrich, Hughes's right-hand man, it was largely through the backing of the Hughes organization that Wilhelm was able to set up his first major ad agency in Texas in 1941. A big part of his work in that agency was promotion of Gulf Brewing Co.'s products.

• **A Battler**—In the last six years, Steve Wilhelm has battled through and beaten a mighty setback. In 1949, he contracted cancer of the throat. His vocal cords were removed. He was told he wouldn't be able to speak again. He was told, too, that he couldn't smoke or drink, but this order he disobeyed. The result: Smoking raised scar tissue in his throat where his vocal cords used to be, the tissue serves as an imperfect voice box, and today he can talk in a hoarse whisper that's clear enough for him to be understood even on the telephone.

By the time he was ready to get back into business again his old firm had practically dissolved. Again, Noah Dietrich came to his aid. At the time, the national ad agency, Foote, Cone & Belding, Inc., was after the Hughes accounts. Dietrich told the agency, in essence: "If you want the Hughes accounts, Steve Wilhelm goes with them. If not, we'll set Wilhelm up in his own agency, because where he goes, so go these accounts." Three months later, he was a vice-president of Foote, Cone & Belding.

### I. Building a Theory

Like many other men who have moved into many industries in the last few years, Wilhelm's basic experience outside his new field has helped him leap right over traditions, throw away the rulebook, and apply to his new trade some tricks and ideas he learned on the outside.

Wilhelm's first move when he shifted into the president's chair at Gulf Brewing was to study the market.

This wasn't so difficult for, by 1954, there was a good deal of information around on the changing patterns of beer buying. What he found in Texas was representative of the nation: Men drink nearly 80% of all the beer that's consumed. But 56% of all the beer that's bought comes off the shelves of grocery stores and supermarkets—where women do the buying.

Next, he looked into brewers' sales organizations.

What he found prompts him to say: "It's a wonder to me that beer has done as well as it has. If there's any field of marketing that's bogged down with traditions, it's the beer business. Most beer salesmen who operate in the traditional way aren't salesmen at all—they're ordertakers."

• **Equation for Sales**—Out of those facts and observations, Wilhelm put

together his formula for selling beer. This is what the formula amounted to: The young housewife who buys most beer these days needs to be wooed, and you will woo her by sending eager, clean-cut, young men out to sell beer right at the point of contact—at supermarkets and grocery stores.

The logical place to find these Lotharios of the beer market, he felt, was at colleges, and he went after a specific type of college student: one whose education had been interrupted by military service, who needed supplementary income, and who was interested in sales promotion, advertising, and merchandising.

He made a guess that he could sell more beer in an area this way through 12 college boys than he could through one high-priced, tradition-minded salesman.

## II. Making It Work

Working through Houston University's personnel unit, Wilhelm hired 12 college men who fitted his requirements. He offered them \$125 a month, plus nominal expenses for their five-day, 17½ hour week. He also promised these students of sales promotion, advertising, and merchandising that he would give them on-the-job training in their fields, and guaranteed that the top-selling 20% of the team would get full-time summer jobs, as well as permanent post-graduation jobs with the company.

That's how young Ray Glider (picture) and the 11 other young salesmen were hired.

Ray is 24 years old. He served a three-year hitch with the Air Force before he went to Houston University. He's married, and his wife, who has a B.S. in Industrial Relations, works in the trust department of a Houston bank. Her salary helps put Ray through college. They have bought their own home—for around \$12,000—in a newly developed section of Houston. They have a car—a '54 Oldsmobile—and they have no children, though they want some, just as soon as there's more money coming in.

• **Steady Coverage**—Each afternoon, after college, Ray dons a crisp new summer suit, snap brim hat, and a clean white shirt ("neatness" is one of Wilhelm's sales watchwords), and heads off to visit that day's quota of the 40-odd supermarkets and grocery stores that comprise his territory. He visits the larger supermarkets as often as three times a week. But he calls on even the smallest accounts at least once every 10 days.

At the supermarket, he builds and maintains the GP-20 beer displays, rotates them to keep the cans and bottles in the displays fresh. He chats with the women customers in his most

## THE CASE OF THE CAPTIVE CAPITAL



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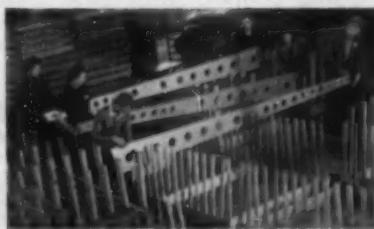
Release of working capital is only one of many ways the vast diversified facilities, fabricating experience and engineering service of Reynolds Aluminum Fabricating Service can help you. For details, call the Reynolds office listed under "Aluminum" in your classified telephone directory or write direct to the address below. Also write for brochures covering Reynolds facilities and fabricated parts.



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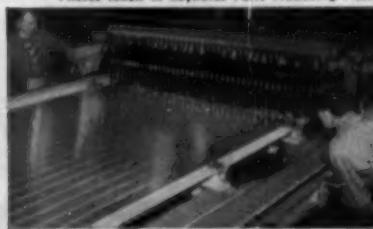
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Photos taken in Reynolds Parts Producing Plants



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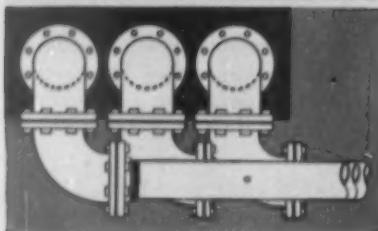


REYNOLDS ADDS TO YOUR CAPACITY  
WITHOUT INCREASING COSTS

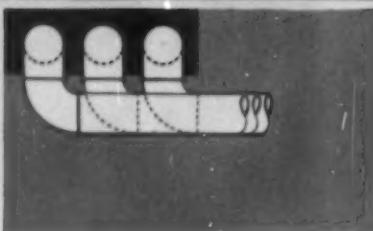
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**WELDED PIPING CUTS YOUR COSTS...**



Piping assembly with flanged joints.



Comparable piping of welded construction.

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See how welded piping saves valuable plant space—provides room for future additions with a minimum of fuss!

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"TUBE-TURN"®  
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pleasant manner, but avoids giving them a solid sales pitch.

He sells the supermarket manager on stocking his product, and works hard for support from the whole supermarket staff. (This is one of Wilhelm's cardinal rules. He says: "It's the employee, not the boss, who's on the firing line when the actual sale is made.") He compiles long questionnaires, too, for the brewery. These cover customers' preferences, location and effectiveness of other beer displays, volume of beer sales, and new merchandising tricks that the competition might be using.

• **Building Goodwill**—Obviously, to do all this in the supermarket, the young salesman must be on good terms with the store manager. It's part of his duty to make himself useful to the manager. Often he will help sweep out the store, build all kinds of displays (not just beer displays), and give service in every possible way. This rule recently sent one of Wilhelm's young salesmen staggering home late at night after helping the store manager unload a carload of flour.

Reaction from store managements to this attention and service has been solidly enthusiastic. In nearly every supermarket, managers have told the salesmen: "If Wilhelm doesn't give you a full time job you just come right along here and I'll give you one in half a minute."

Wilhelm feels that this reaction is a fine pay-off for his applied psychology approach to beer selling. He believes the average retailer is interested in seeing a young, eager salesman succeed. And, through three days a week contact with the young salesman, the retailer comes to feel that he has a personal equity in the young man.

Once a week, Ray and the other young salesmen meet at the brewery. There the supervisor of the training program, Phil Gill, goes over the salesmen's weekly reports in detail, gives them advice for the coming week. He tells them how he thinks they should make displays. "Build them big, and put them where they'll meet the customers head-on, over the bread counter, the meat freezers, or at the check-out counter." He tells them how to ask for, and get, key spots in stores for their displays. He stresses the idea of neatness, tells them they must dress in neat pressed suits while they're on their rounds.

### III. Getting Results

Wilhelm's program of using the college men as salesmen has been operating since last October. Early results are already available and they show that the idea is paying off handsomely.

November, December, and January—traditionally the worst months for



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I want to know more about the Peerless Dri-Stat Photocopy System and how it can cut my stenographic expense.

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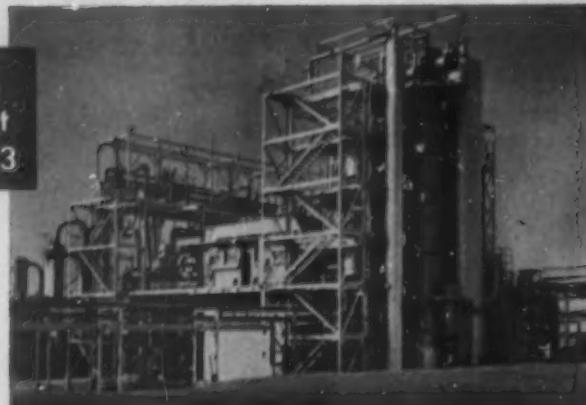
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# New Developments

(Advertisement)

## 3rd Ethylene Oxide Plant To Use SD's Direct Oxidation Process

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Naphtachimie Plant Lavera, France

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Plant  
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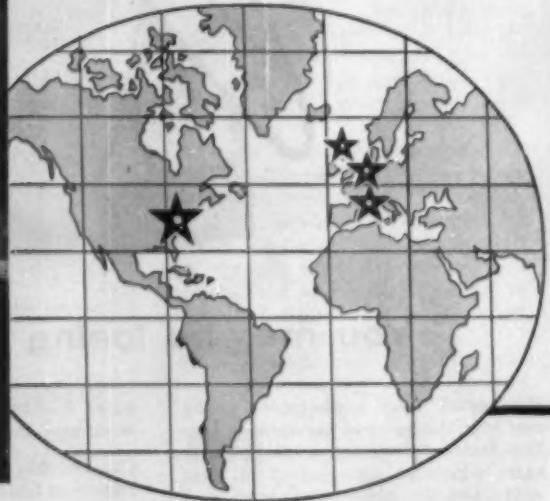
Société Chimique des Dérivés du Pétrole  
Antwerp, Belgium



We knew from our laboratory work in America that ethylene oxide could be produced at a lower cost by our direct oxidation process. Our pilot plant work in England proved it," says Dr. Robert Egbert, SD's Vice President of Engineering.



Dr. Philip Newman, SD's European Representative, says, "Our transatlantic experience in adapting standards of various countries to SD's process resulted in greater flexibility of design, as well as continued improvement of the process."



## SD's "International Exchange" Pays Off

So far the payoffs have been in Lavera, France, and the United States. Next year SD crosses the Atlantic again for Société Chimique des Dérivés du Pétrole's new ethylene oxide and ethylene glycol plants in Antwerp, Belgium.

The less expensive direct oxidation process used in these ethylene oxide plants was developed in SD's American headquarters laboratories and put in pilot plant operation in England.

Naturally, there were many problems in "translating" data—both from

pilot plant to commercial production and from foreign engineering practices to American standards. SD's international experience in ethylene oxide also provided the background necessary to solve these problems of "translation" in chloromethanes, citric acid and maleic anhydride processes.

Today, American companies can take advantage of the continued "international improvement" of SD's lower cost process of direct oxidation of ethylene.

On this or any other organic chemi-

cal plant design problem, SD's services are available to you on a confidential basis. In new plant construction or the revamping of existing facilities to increase production efficiencies, you will profit by utilizing SD's specialized experience in organic chemicals plant design.

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Engineering Offices:  
Jersey City, New Jersey



selling beer—were the program's first three months. During that period, the brewery's over-all sales volume (its distribution covers all of Texas) was 1.9% above the same period a year before. But in the territory that the college boys covered, the increase was 19.8%.

Since January, the young salesmen's showing has steadily been getting better. The brewery's over-all sales so far this year are up 10.8% over the same period last year, but sales in the college boys' territory are up an impressive 34.6%.

• **Eye on the Future**—Today Grand Prize's GP-20 beer is firmly in sixth place among the 34 brands of beer sold in Texas. And Wilhelm sees a big future for his plan to employ vigorous young salesmen whose pressure is directed toward the growing numbers of beer-buying housewives. Next fall he says he will expand his training program to include nine other areas in Texas where he can recruit college boys. And, ultimately, he sees the program manned by from 750 to 1,000 college students.



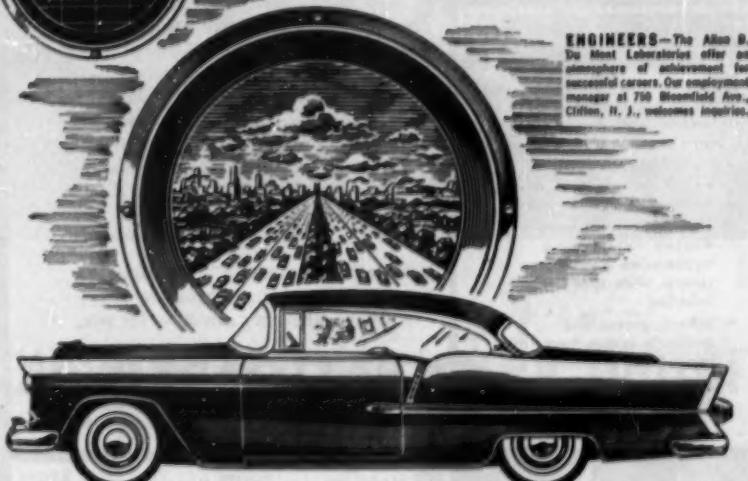
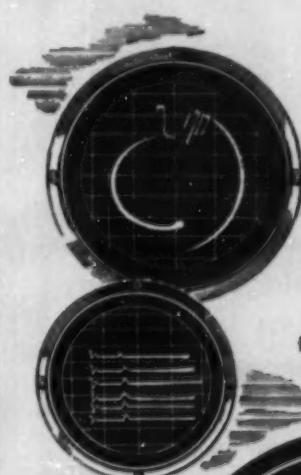
## Meet the Press

A hard-working guest at Wade Atkinson's open house for the press last week tries out one of the exhibits: the "Yardbird," a toy made by Charles William Doepeke Mfg. Co.

This is the third such event Atkinson has tried. A Cincinnati publicity agent, he gets his clients together each year to put on a show of their products—last week's was at New York's Hotel Chat-ham. Then he invites the press to meet his clients, see what they are up to. Upwards of 150 press men dropped in at the three-day show.



## NEW "HEADLIGHTS" for the high-speed highways of automotive progress



New Du Mont cathode-ray instruments...like headlights on the "highways" of advanced industrial research...now assist the brilliant vision of American automotive designers in buying, building and selling better values!

These new instruments can help to predict safety, performance, comfort and economy, from new design to finished products. They can reveal, faster and more economically, such factors as the strength of materials and parts under actual stresses and strains. They portray graphically the resiliency of springs...the capacities of frames and axles...the quality of finishes. One spectacular new Du Mont device saves time and error in design and production, by instantly identifying any cause of engine malfunction.

The "headlights" of Du Mont research and development in all fields of televisual electronics can often show a better way...benefiting many industries, national defense, science, and the home. Du Mont products...based on the pioneer Du Mont development of the commercially practical cathode-ray tube...offer highest precision and reliability.

## VISION IS THE DU MONT<sup>®</sup> DIMENSION

First with the Finest in Television

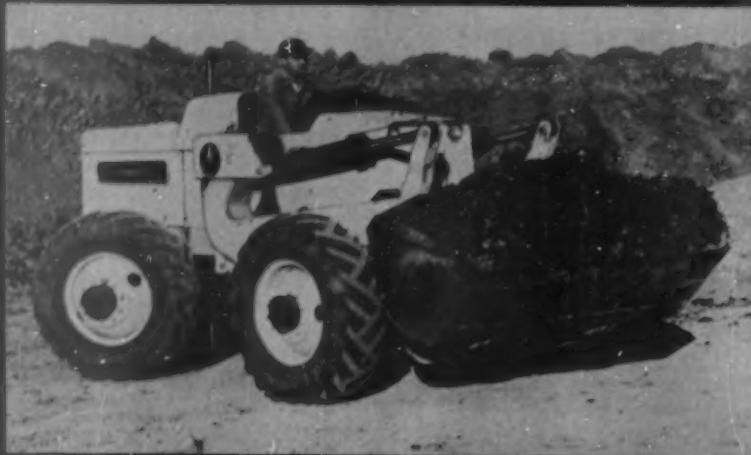
**ENGINEERS**—The Allen B. Du Mont Laboratories offer an atmosphere of achievement for successful careers. Our employment manager at 750 Bloomfield Ave., Clifton, N. J., welcomes inquiries.



Allen B. Du Mont Laboratories, Inc., Executive Offices, 750 Bloomfield Avenue, Clifton, N. J.

2 completely new and different

# PAYLOADER® TRACTOR SHOVELS



**Dig bigger loads — carry bigger loads  
Handle bulk materials faster, at lower cost**

1 1/2 cu. yd. Model **HH**

1 cu. yd. Model **HU**

- 40-degree bucket tip-back at ground level increases digging power, carrying capacity
- More horsepower per bucket capacity than any other wheel tractor-shovel
- Torque-converter drive and 4-speed full-reversing transmission gives easy control, wide speed range selection
- Sealed, pressurized hydraulic system keeps dirt and air out of system
- Available with gasoline or diesel power

These two big 4-wheel-drive units are outstanding examples of Hough's continuing pioneering and leadership in tractor-shovel design. They have more digging power, get big bucket loads easier, carry big loads closer, lower and safer. They are full of other features and improvements that boost output, operator comfort and safety and that lower the cost of scooping up, loading, moving, piling and mixing bulk materials.

Your "PAYLOADER" Distributor is ready to demonstrate these new units and what they can do — for you.

**PAYLOADER®**

MANUFACTURED BY  
THE FRANK G. HOUGH CO., LIBERTYVILLE, ILL.  
SUBSIDIARY, INTERNATIONAL HARVESTER COMPANY



Please furnish  
full information on the  
new PAYLOADER  
tractor shovels

Model HH

Model HU

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

SW

## Heat on Brokers

Two federal agencies criticize the food brokers in cases involving freedom of competition.

Food brokers already under fire from the Justice Dept.—last week got socked by the Federal Trade Commission on another score.

FTC says the National Food Brokers Assn. has hindered competition by a "code of ethics" ban against solicitation of business by any member from another's customers. FTC also charged that NFBA has reprimanded or expelled members who broke the agreement and has refused membership to applicants suspected of soliciting other brokers' business.

NFBA president Watson Rogers, named in FTC's complaint along with the group's committee heads, said the code bans only "unfair" methods of solicitation, not the "mere" solicitation of business from a member's clients. He also denied that NFBA has expelled anyone for breaking the code.

Meanwhile, the Justice Dept.'s antitrust committee report strikes at the foundation of the brokers' commission fee system under the Robinson-Patman Act. Traditionally, the brokers get a 2% commission for services rendered in selling a producer's wares to a buyer.

As the antitrust committee sees it, the Robinson-Patman sections providing for this fee have been interpreted by the courts in such a way that:

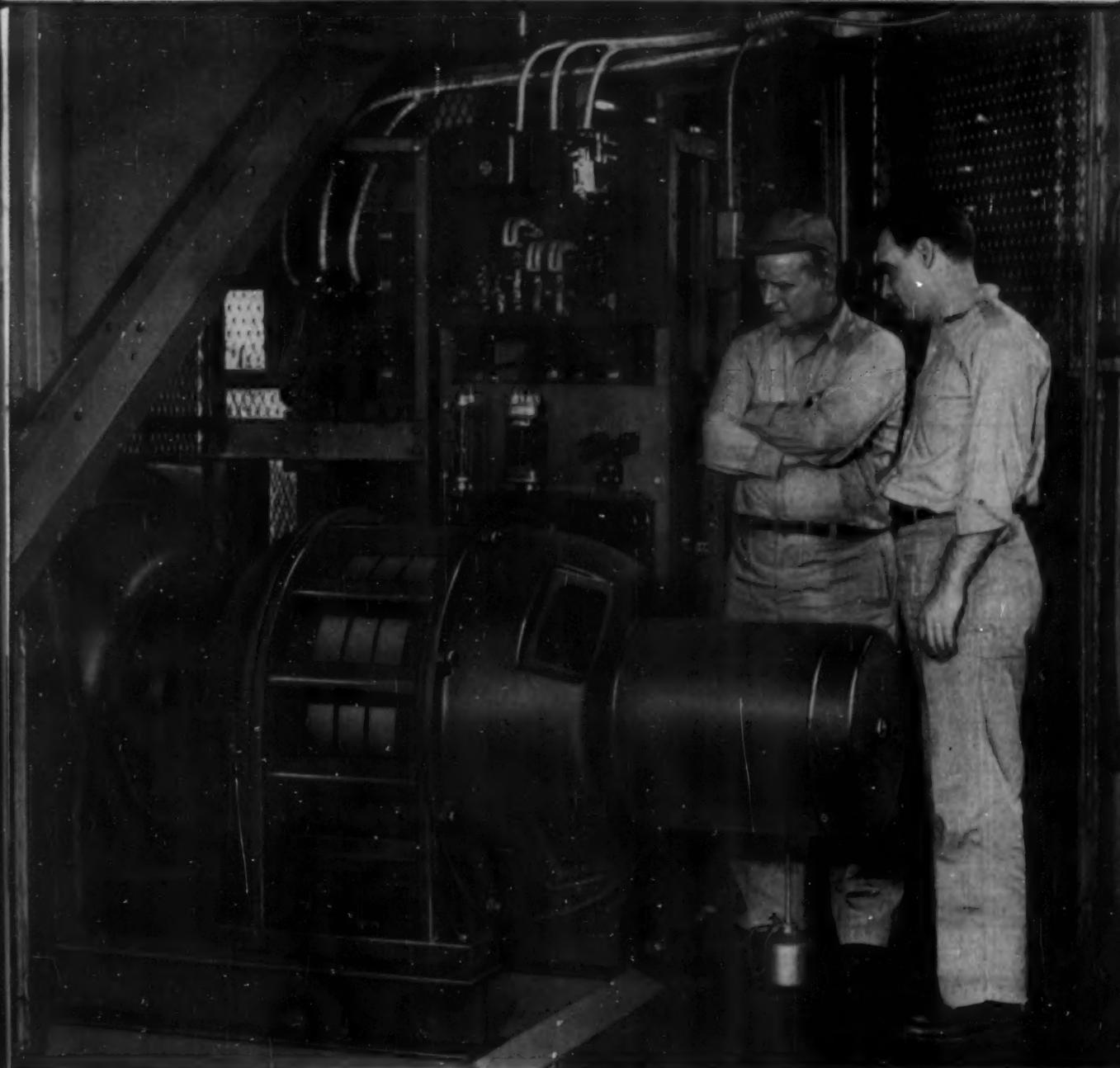
- No one but an independent broker, acting only as an agent for the seller and not connected in any way with a buyer, can receive the fee.

- The fee is the only way a broker can get a payment for his selling services, because allowances or price discounts don't apply to services rendered.

This prevents any agent who buys for himself as well as for other customers from picking up the 2% commission for services rendered. Included in this group are the voluntary chains of independent grocers, who—ironically—originally supported the restrictive provisions in R-P that they would now like to see changed. At that time the restrictions were aimed at the big regular chains with their own brokerage subsidiaries.

Now, however, a number of the voluntary chains of independents have grown to the point where they, too, buy for themselves and don't want to give up the fee.

In Congress, the Republicans have tried several times to get the R-P restrictions loosened up (BW-Jan. 2'54, p78), but so far with no success.



**Problem:**

**How would you protect this key motor?**

STOCK A  
COMPLETE  
MOTOR?

STOCK A  
COMPLETE  
ARMATURE?

STOCK  
ARMATURE  
COILS?

STOCK NO  
CRITICAL  
PARTS?

**TURN PAGE AND SEE G.E.'S *Productive Maintenance ANSWER***



**GENERAL  ELECTRIC**

## HERE'S HOW A MAINTENANCE ANALYSIS SPOTLIGHTED SAVINGS OF \$150,000

(This evaluation is based on adequate motor protection in case of vital armature coils failure)

	NO CRITICAL PARTS STOCKED	ARMATURE COILS STOCKED	COMPLETE ARMATURE STOCKED	COMPLETE MOTOR STOCKED
REPAIR TIME	10 days to make coils X	6 days to rewind armature X	7 hours to install new armature	3 hours to replace motor
TOTAL DOWNTIME COST	\$165,000	\$100,800	\$4,900	\$2,100
COST OF PARTS PROTECTION	0	Coils: \$4,664	Armature: \$25,600	Motor: \$46,000
COST OF REPAIR	\$12,730	\$5,900	Installation: \$850	Installation: \$360
TOTAL FAILURE COST	\$180,730	\$111,364	<u>\$31,350*</u>	<u>\$48,460*</u>

X Add disassembly, assembly and transportation time to actual time.

\* Add repair cost, on straight time basis, of failed unit.

**THIS IS AN EXAMPLE**—taken from an actual case history—of how you can carry out Step 4 in General Electric's Productive Maintenance plan. To begin with, assume the worst: an armature failure which would require lengthy downtime, at \$700 per hour. The motor involved is a 500-hp slow speed d-c motor on a machine critical to production. When all figures are added, it is evident that stocking of a complete armature is the most economical protection for this specific motor. Your G-E representative can help you make the right decision about better protection for each of your critical drives.

### THIS EXAMPLE SHOWS YOU HOW...

## Productive Maintenance

The problem of keeping your key electrical equipment in operation isn't a simple one these days when the equipment and the production lines are becoming more and more complex. To solve the problem, you must bring to bear more maintenance know-how and specialized skills than ever before. More and more, the responsibility for increasing production—through more effective maintenance—rests on your shoulders.

**This *Productive Maintenance*  
5-step plan can make  
your maintenance budget  
more effective ...**



**2.** Determine amount of routine maintenance necessary for your system. Your G-E representative will help.



**1.** Gather complete equipment data. A record system of this inventory is a basic part of your program.



**3.** Put your record system to work. Set up inspection cycles, work orders and systematized stocks.



**4.** Inspect and evaluate all equipment vital to production. This data will help you determine the parts protection needed for each key item of electrical equipment.



**5.** Establish a critical maintenance program by stocking parts on a planned basis and scheduling overhauls well ahead of the actual maintenance date.

## CUTS TOTAL COST OF BREAKDOWNS

General Electric's five-step *Productive Maintenance* plan can help you meet this responsibility. This plan is essentially an application of men, materials, and tools. (See 5 steps at top of page) By organizing this idea into simple steps, you can get more effective maintenance, more production from each machine and a smoother work flow.

Your General Electric Service Shop or renewal

parts representative can give you the complete *Productive Maintenance* story. Ask him to arrange a showing of the G-E sound-color film on *Productive Maintenance* and to give you specific help and suggestions in setting up your own program. Or, fill in the convenient coupon on the next page and ask for General Electric brochure, "5 Steps to *Productive Maintenance*."

**GENERAL**  **ELECTRIC**

TURN PAGE FOR PRACTICAL HELP



# Call in a G-E representative for help in starting your own Productive Maintenance program



**TRAINED ASSISTANCE** in planning overhaul schedules (step 5) is yours for the asking. Your G-E Service Shop representative is a specialist who will work with you in setting up each step in a *Productive* Maintenance program specifically designed for your own plant.

Plan your overhauls this way: Systematically remove from operation the equipment that needs overhauling most. Do this at the most favorable time from your production standpoint. These planned, short-term outages take far less time and expense than unplanned shutdowns. Your G-E Service Shop representative can help assess your equipment's condition, and utilize G-E Service Shop facilities to make your *Productive* Maintenance program fully effective.



**COMPLETE PARTS DATA** is essential. G-E Renewal Parts specialists can help you tailor a renewal parts program for your plant, and also guide you in establishing your parts inventory system (steps 4 and 5). Take advantage of this expert help.

When setting up your *Productive* Maintenance program, steps 4 and 5 are most important. It will pay you to ask G-E maintenance experts for guidance in organizing your renewal parts budget so every dollar gives the most protection possible. This will help your maintenance become productive faster. Most parts are carried by a nation-wide network of strategically located G-E warehouses, as well as distributors in your area.

## Productive Maintenance — as vital as production itself!

**GENERAL ELECTRIC**

GENERAL ELECTRIC COMPANY  
APPARATUS SALES DIVISION, SECTION 801-16  
SCHENECTADY 3, NEW YORK

- Please send me the detailed manual "5 Steps to Productive Maintenance" (GEA-6087).
- Please have a G-E representative call on me.
- I'd like to arrange a showing of the 25-minute sound-color movie, "Productive Maintenance."

NAME \_\_\_\_\_ POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

## THE MARKETING PATTERN

### AMA Moves to Broaden Its Range

THE American Marketing Assn. in recent years has found itself in a curious position. Though in effect the official professional society in its field, it has failed to get wide recognition among businessmen as the spokesman for the field. Other groups, some from outside, have pushed it aside in its own precinct.

The discontent of AMA members themselves with this situation was summed up rather succinctly recently by outgoing AMA president Thomas G. MacGowan, director of marketing research at Firestone Tire & Rubber Co. MacGowan, in his official letter to the group just before its midyear convention in Milwaukee last week, noted:

"Some chapter presidents have spoken wistfully of the smooth, professional guidance material of National Sales Executives and the equally impressive meetings of the American Management Assn., bringing researchers and management people together."

ESSENTIALLY, the reason for this situation lies in the fact that the people behind these groups and events have had an eye on the broadening significance of marketing and distribution in our time. They have stressed interplay between marketing and other sciences, professions, and branches of business.

By contrast, AMA has been slow to grow away from specialization.

THE difficulty goes back to the formation of AMA, which was created in 1937 by a merger of the then dominant professional marketing societies in the academic and research spheres. It has grown since then from a few hundred members to more than 5,000, but its growth in other respects has been slower. It has remained in character a professional organization comprising a loose federation of local chapters.

One of its major drawbacks has been its comparative poverty, a condition partly due to the fact that only very recently did it seek company as well as individual memberships. It wasn't until 18 months

ago that AMA finally got a full-time, paid executive secretary.

A more important disadvantage, however, has been the continued dominance of marketing research in the activities of AMA. This, of course, has not excluded other efforts. AMA has made headway in its avowed purpose of furthering the development of science in marketing. It has published books and bibliographies on marketing, held at least a dozen regional meetings a year on various topics connected with distribution, developed a program of national awards in the field, encouraged student marketing programs, served as a clearinghouse for people looking for jobs and companies seeking marketing people, and carried on a wide range of other activities. As MacGowan says, "We make a significant contribution to the science of marketing."

However, AMA's preoccupation with the refinements of marketing research has unbalanced both AMA's official publication, the *Journal of Marketing*, and its national meetings.

Fortunately for AMA, many of its present leaders are fully aware of its problems and have been at work on various cures. Here are some of the developments now under way:

The membership is to be broadened, particularly in the area of retailing where AMA has notably skimpy representation.

An important committee on long-range planning is now hammering out a report.

Some thought is being given to satisfying the needs of specialist groups by sponsoring special regional workshop sessions.

The *Journal* will put less stress on research technique, more on broad trends and general problems in business.

The agenda of the national meetings will henceforth be developed by a national committee rather than by the local chapter in the host city.

These efforts will, AMA leaders hope, give their organization recognition from top business leaders that it has not had as yet.

"MECHANIZE"  
YOUR MATERIAL  
HANDLING  
with these modern  
time and cost-savers



### Faster Handling in Shipping Rooms with the HANDIBELT

• Conveys cartons, boxes, bags and other commodities at any incline or decline angle within its range—or horizontally as needed. Two or more can be aligned in series to form a complete power conveyor line. Easy to adjust and use—wheeled about—by one man. Fits in box-cars, freight elevators, crowded aisles. Handles packages up to 135 lbs; continuous, automatic, electric motor operation.

Available in 3 sizes with 14 and 21 in. belt widths. Write Dept. BW-65 for Bulletin 63 D.



### Lift or Lower • Floor to Floor with the INCLINEBELT

• Moves cartons, cases, packages, bundles from basement to first floor or any floor to floor. Continuous, automatic electric motor operation.

• Handles 10 to 20 lbs of live load per ft. Compact, simple to install—minimum maintenance. Elevates 8 ft. to 14 ft. 6 ins. inclusive. Belt widths—8, 12, 14, 18 and 24 ins. Write Dept. BW-65 for Bulletin 63 D.

Send for Bulletin 63-D describing Standard's gravity and power conveyor units. Address Dept. BW-65

**STANDARD CONVEYOR COMPANY**  
General Offices: North St. Paul 9, Minn.  
Sales and Service in Principal Cities

**Standard**  
GRAVITY & POWER  
CONVEYORS

# Gussie Busch Hits the Road

Anheuser-Busch president dons old role as chief salesman . . . GE slaps Federated department store for cutting prices . . . American Viscose adopts single trade name . . . Neiman-Marcus branches out from Dallas . . . Time, Inc., switches distributors.

August A. Busch, Jr., has deserted the president's suite at Anheuser-Busch, Inc., in St. Louis, to roam the country again as the star salesman of Budweiser beer.

Since May 6, he has been on the road in his luxurios private railroad car, the Adolphus, in a personally conducted drive to keep his beer at the top of the sales heap. By Sept. 7, he will have seen every Bud distributor from coast to coast.

In taking up his old title of sales manager and advertising manager, Busch has moved A. Gontard, who had been vice-president in charge of sales and advertising, up to the post of vice-chairman of the board and chairman of the executive committee.

"Budweiser sales were off 800,000 bbl. last year," Busch explains, "and I saw no signs of an increase in the first quarter of this year. So I got worried and took over myself."

The national beers are having their troubles. "Little beers"—those brewed and distributed locally or regionally—have cut deeply into the volume of the national shippers. And Schlitz, the other chief contender for the national championship (BW—Feb. 27 '54, p48), is putting up a stiff fight to regain its title.

At this moment, both companies claim to be on top. Budweiser admits that Schlitz was ahead for the first quarter; Schlitz wholesalers stockpiled heavily in anticipation of a strike this summer, Budweiser officials say. Since then, Budweiser thinks it has pulled ahead. Schlitz says it was ahead through April. It hasn't seen the May figures, but believes it is still out front.

Whoever is leading, Busch makes no bones about what he wants. "I always like to be so far ahead there's no question," he says. "I want to be a million or more barrels ahead."

These things, Busch believes, have hurt: (1) The price rise of 1953, put through by leading U. S. brewers. Local beers held the line, thereby increasing the price differential in their favor. (2) The recession of 1954. (3) The Milwaukee strike. (4) The lack of salesmanship, which Busch is out to remedy. For he agrees that beer salesmanship leaves something to be desired (page 50).

"In my humble opinion," he states, "some of our wholesalers have made a

great deal of money and have forgotten a few of the rudiments on how to sell."

So far, his personal tour has "worked beautifully." In areas where Busch has been, the downward trend has already stopped, he reports.

At meetings with wholesalers Busch has his own technique. He doesn't tell them what they must do this year. He asks them what they can do. Some say they'll boost sales 1%; some say 25%. "There's no pressure," says Busch, "just so it's higher than 1954."

Besides more profits for themselves through bigger sales, Gussie Busch's wholesalers have a chance to nick the No. 1 man for a fancy fedora. At every meeting, each man announces his sales quota for 1955. Then Busch bets him a hat he won't make it. "Along about Christmas, I'm either going to be the largest hat owner or the largest hat buyer in the world," he comments.

cose Corp., a big rayon producer. Like Aluminum Co. of America (BW—Apr. 30 '55, p42) and other suppliers of basic materials, this Philadelphia concern is going after the consumer in a big way.

And as a first step, it has decided to scrap such trade names as Tufton (rayon staple for carpeting) and Sylvania (cellophane). Instead, starting in September, it will feature a single brand name, Avisco, in its consumer advertising.

•

Neiman-Marcus, fabulous Dallas department store (BW—Sep. 19 '53, p134) has made its first move out of that city.

It has bought Houston's quality apparel shop, Ben Wolfman, Inc. It was a stock exchange deal. Ben Wolfman, who has operated his own store for some time, will become vice-president of Neiman-Marcus; his son, Lee, will run the Houston store, which will be renamed Neiman-Marcus of Houston.

The trade estimates that Ben Wolfman does a business of about \$5-million a year. So far, it has catered pretty much to the carriage trade. Under the new ownership, Stanley Marcus reports, The Fashion, like the Dallas store, "will cater to the oilman's wife and to the oilman's secretary."

•

Time, Inc., has swapped distributors. From now on, S-M News Co. instead of American News Co. will handle newsstand distribution of Time, Life, Fortune, and Sports Illustrated.

S-M News is owned by the publishers whose magazines it distributes: McCall Corp., Reader's Digest Assn., Inc., Meredith Publishing Co., Street & Smith Publications, Inc., Popular Science Publishing Co., and now Time, Inc.

Slipping newsstand sales—an industrywide problem—are believed responsible for the shift. In Life's case the drop has been considerable. According to S-M Box Score, based on Audit Bureau of Circulations figures, average weekly newsstand sales of Life were down to 977,000 in the last half of 1954, against nearly 1.6-million for the same 1953 period. One suggested reason for the decline: Suburban readers are less likely to trip over a newsstand at every corner than their urban brothers; hence, there's less impulse buying.

American News works through its own branch offices, while S-M distributes through 750 local wholesalers. Pres. Percy D. O'Connell of American News has hinted that his company may change its policy, but has not spelled out what he has in mind.

One name is better than a lot of names when you are selling to the consumer.

That's the decision of American Vis-

## MANAGEMENT

# All these questions had a profit motive

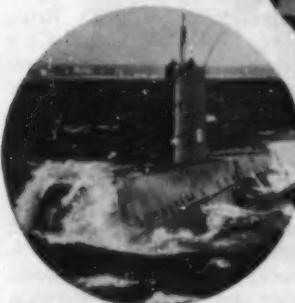
### 1. INVENTORY CONTROL

*How do I most effectively utilize working capital?*



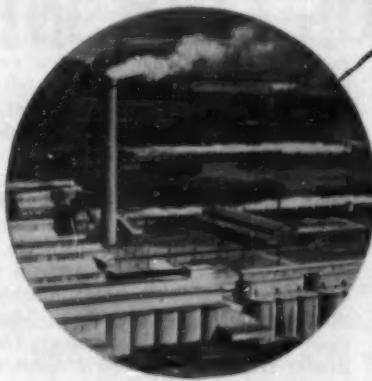
### 2. ATOMIC ENERGY

*Can atomic energy developments be applied to my business?*



### 4. DIVERSIFICATION

*Should I set up new production or buy an existing plant?*



**1.** ADL helped to cut inventory costs in half — and save millions in inventory investment — for a manufacturer of a wide line of durable consumer goods.

**2.** ADL has researched the application of this new source of power for several regions, financial groups and industries.

**3.** ADL speeded cooking time to make a five-minute cereal that outsold its parent product without cutting the latter's sales.

**4.** ADL has guided many companies to profitable action by determining the relative values of alternate proposals.

### 3. PRODUCT IMPROVEMENT

*Can you speed the cooking time for my food product?*



Time and again, enlightened top management calls upon ADL to deal with problems like these which defy a routine solution. Traditionally, ADL comes through with the answer that transforms industrial problems into profits for its clients.

Your call to any Arthur D. Little office brings into play the pooled knowledge and experience of hundreds of business-minded scientists, engineers and technical economists who have been solving difficult industrial and business problems for 69 years.

This unique pool of talent is available to you.

The momentum of the ADL staff can be brought to bear promptly on your problem. A telephone call today arranges a meeting with an ADL man, who will review your problem with you. Whether or not you choose to use the ADL staff, his experience will help guide you in finding the most effective approach to a solution.

## Arthur D. Little Inc.

*Creative Technology Since 1886*

34 Memorial Drive, Cambridge 42, Mass.  
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**Product Research (consumer, industrial) • Product Improvement • Industrial Chemistry • Advanced Equipment • Business Research • Metallurgy  
Industrial Economics • Food and Flavor • Nuclear Science • Industrial Design • Process Engineering • Domestic and Overseas Area Development  
Biological and Medical Sciences • Operations Research • Mechanical Engineering • Investors Advisory Service • Diversification Guidance  
Applied Mathematics**



STANLEY F. TEELE, Harvard Business School's new dean, will bring some shifts in emphasis and attitudes that will add up to a . . .

## New Look for B-School

Last week, amid the hubbub of Chancellor Adenauer's visit to Harvard University's graduation exercises, notices were quietly being stuffed into professors' cubbyholes at the Graduate School of Business Administration.

The news they bore: Associate Dean Stanley F. Teele (cover and above) had been picked as the new head of the business school, to replace retiring Dean Donald K. David (BW-May 31 '52, p66).

Teele's appointment is significant to more than just the faculty, alumni, and students of Harvard Business School.

It means: (1) a shift in emphasis for the school, which in the past has often led the way in executive training methods; (2) a growing realization within the school that it can no longer live off its past reputation; and (3) a spreading pressure for reexamination of the whole field of business education.

• **Break With Tradition**—Harvard Pres. Nathan M. Pusey's announcement of Teele's appointment ended rumors that had spun around the school for months. It was greeted with huzzahs by most faculty members, but some alumni were less enthusiastic; they had hoped

the school would continue its tradition of picking big-name businessmen as dean.

Dean David had been president of American Maize-Products Co. before he took over at the school in 1942, and Pusey promised to scour the country before naming his successor. Among many known to have been approached were: Keith Funston, New York Stock Exchange president; Philip D. Reed, chairman of General Electric Co.'s board; Herbert Hoover, Jr., Undersecretary of State; David Rockefeller, senior vice-president of Chase Manhattan Bank; Dr. Gabriel Haage, economic adviser to Pres. Eisenhower.

But it was the quiet, unspectacular, and relatively unknown 49-year-old Teele who got the nod. Reportedly, he was the outright choice of at least 75% of the school's faculty. And, last week, one professor said: "It's my impression that 95% of the school is as elated by the appointment as Teele is."

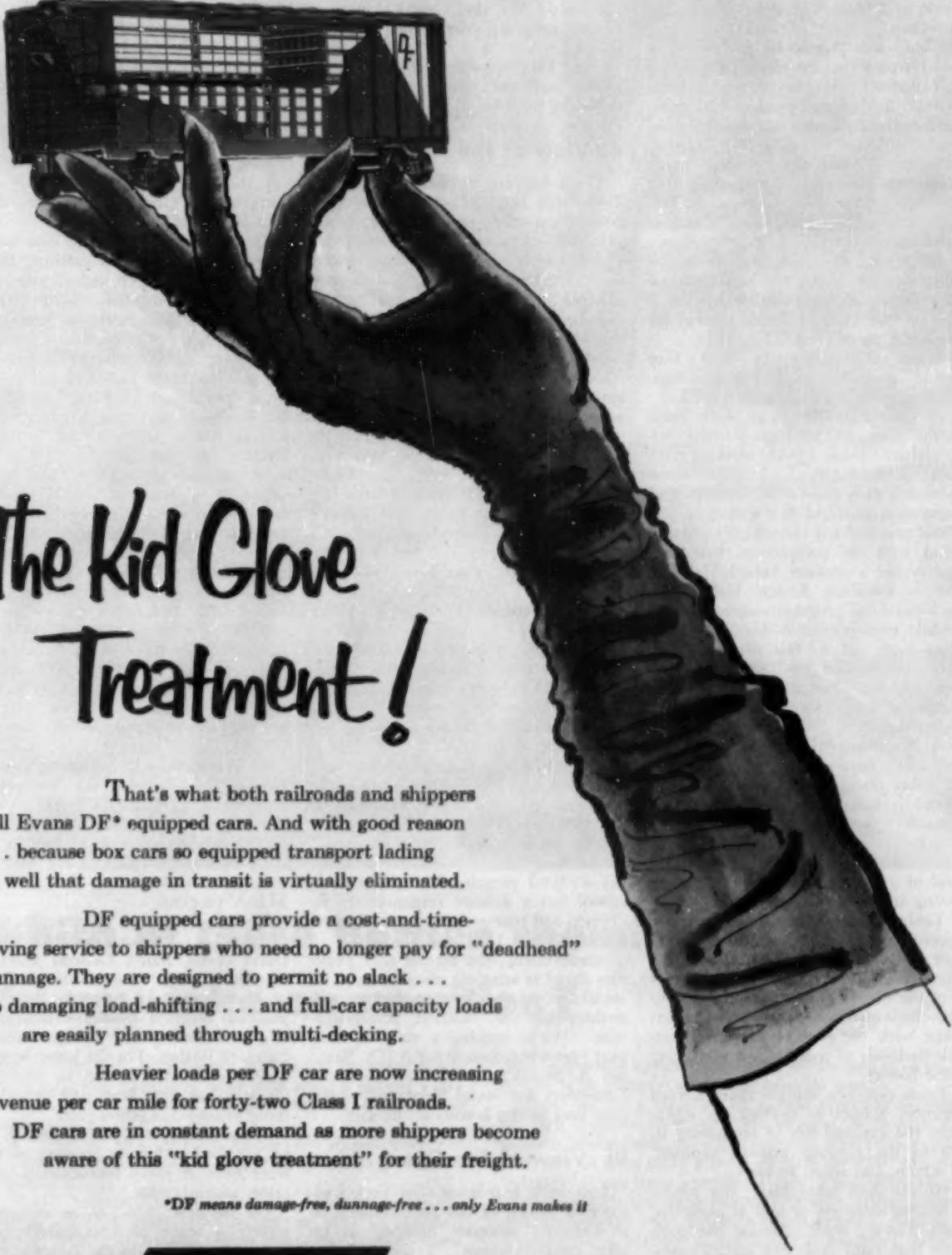
### I. New Man, New Paths

The change at Harvard Business School, in signifying the need for reassessment of the whole field of executive training, reflects what has been going on apace in many places. Last fall, at the Academy of Management meeting, in Detroit, business educators got deep into a hair shirt mood when they discussed what was wrong with their curricula and approach. In the last few weeks, Notre Dame University has published a report on how it plans to reorient its business course. And, in the unfinished halls of Harvard's neighbor, the graduate business school of Massachusetts Institute of Technology, Dean Brooks and his faculty have spent the last couple of years searching for new academic avenues for teaching business.

• **The Problems**—Dean Teele himself, in a recent speech, pointed out what business educators are facing. He said the problems flowed from "the rapid increase in the application of developments in the physical and social sciences to business administration—developments that include automation, electronic data processing, operations research, and consumer behavior research."

One thing Teele didn't point out was Harvard Business School's hardly noticed—but nonetheless real—decline as pacesetter and innovator in the fields he mentioned.

As one of Harvard's most noted business professors put it last week: "Each dean confronts a different problem. David confronted a series of emergencies—World War II, financial troubles, preparation for postwar instruction. He did a magnificent merchandising job on a product that his predecessor, Dean W. B. Donham, had developed. Now



# The Kid Glove Treatment!

That's what both railroads and shippers call Evans DF\* equipped cars. And with good reason . . . because box cars so equipped transport lading so well that damage in transit is virtually eliminated.

DF equipped cars provide a cost-and-time-saving service to shippers who need no longer pay for "deadhead" dunnage. They are designed to permit no slack . . . no damaging load-shifting . . . and full-car capacity loads are easily planned through multi-decking.

Heavier loads per DF car are now increasing revenue per car mile for forty-two Class I railroads.

DF cars are in constant demand as more shippers become aware of this "kid glove treatment" for their freight.

\*DF means damage-free, dunnage-free . . . only Evans makes it



...LOCKS IN LADING, ELIMINATES  
DAMAGE AND DUNNAGE

**FREE BOOKLET!** There's much more to the DF story of interest to both railroads and shippers. Write today for your copy of this interesting brochure to Evans Products Co., Dept. B-6 Plymouth, Mich.

Teele will have to emphasize product standards."

• **Gains-and Needs**—In past years, it was Harvard that established marketing—as distinct from selling—as a paramount field for business education. Real contributions to distribution theories were made by such men as Prof. Malcolm P. McNair. Today, many think that Harvard will be pushing hard to catch up on what's new in marketing—such as the emphasis on consumer motivation.

In Teele, who was the on-the-job administrator during the better part of David's tenure, the faculty believes it has got the kind of leader needed for academic pacesetting.

Some professors even hint they would have resigned had a rank outsider or a businessman been named.

It looks as if the school, with Teele at the helm, will undergo internal consolidation. Dean David, working with John D. Rockefeller's \$5-million donation—and cash from other sources that more than matched that donation—just about rounded out the school's physical plant with the completion, two years ago, of the \$3-million Aldrich Hall and the \$2.3-million Kresge Hall. Two back-to-school programs—advanced and middle management courses for executives—were put in full swing, and in this area Harvard has been the undisputed leader. The school's case study method is firmly established, and widely imitated.

• **A Fundamental Search**—What lies ahead may have even more fundamental influence on executive education. The school is half way through a 10-year research project to determine: (1) how to select potential students for business study, and (2) what it is that makes one student a success and another a failure during and after business school.

Tentative conclusions on this project, according to Teele, include "the degree of emotional maturity and the strength of motivation." He adds: "It is of the utmost importance that extensive high-quality research be undertaken with the goal of providing suitable methods of judging and measuring these factors."

From this, you can see that Harvard Business School is shifting its sights from the external job of promoting itself to the growing internal problem of whom, and what, to teach.

As the shift takes place, the school is hearing criticism as well as praise for Dean David's work. Among the criticism that came from the school's professors last week were these charges:

• "The school has been slipping. It has dipped into too many new things—a never-ending flux of new programs."

• "David is a promoter by nature and experience. There was a strong feeling in the faculty that we were over-

promoted. We don't need a money-raiser now; we need an academic leader."

• "There's a strong feeling that in recent years the school has been diverted by what we'd call sideshows."

## II. View of the Future

What happens at the school under Teele will be a matter of evolution rather than revolution. Teele explains: "I've been working closely with Dean David, and it would be strange indeed if it were to bring about revolutionary changes."

Still, there's no doubt that many of the last few years' swift new developments at the school—the 16-month middle management program, for example—are as much Teele's handiwork as anyone else's.

Rating his immediate job, Teele puts faculty first, students second. When he considers money, he says: "An American institution like this can never refrain from seeking funds, but I don't regard it as a central problem. It's more important to find and keep the kind of faculty who have built this school."

As for students, Teele says: "There are now some six programs going on here—doctoral programs, advanced management, middle management, Radcliffe's (the women's branch), and the regular Masters of Business Administration. This sounds like a six-ring circus—but it isn't."

• **Wide View**—Teele thinks the school's expansion will be confined to the special programs, such as the middle management courses. But he insists: "We don't want to be in the hotel business." In the long run, he wants to build up the doctoral program. He believes the school has a definite responsibility to develop and train men to teach in other schools in the U.S. and abroad.

Academically, the biggest task Teele sees ahead is adapting research done in social studies—sociology, psychology, and anthropology—to business administration. "We're making a start on this next year when Sam Stouffer [Dr. Samuel A. Stouffer, director of Harvard's Laboratory for Social Relations] works over here in the B-school," he says.

## III. View of the Dean

Last week, four hours after Teele had received notice of his appointment, a shirt-sleeved professor dropped in to offer congratulations. "I should have worn a coat for the new dean," he said smiling.

Actually, Teele pays little attention to surface gleam. In appearance he isn't impressive. He stands 5 ft. 8½ inches, weighs 170 lbs. His dress is never flamboyant. Outwardly he seems quiet and

unassuming. But given an idea he wishes to expound, he looks you squarely in the eye and gestures readily in trying to explain what it's all about.

• **Contrast in Character**—Dean David was a dominating personality, forceful and occasionally impatient. He overpowered a group. Teele, in contrast, is a good listener who absorbs what others say, then gives his opinion quickly and forthrightly. One professor described him as "quiet but dynamic."

He talks with the faculty constantly over the phone and by catching them on the run at lunch and dinner. He and his wife regularly invite faculty members to their home in Needham, Mass.

Despite his affinity for the campus he will continue to travel as he has been doing. Last Monday, he and his family (two sons, a daughter) flew to Europe for a vacation and business. One of his goals is to promote business education abroad. On Tuesday, he talked to 65 B-school alumni (French and American) in Paris. On Thursday, he took part in the international conference on post-graduate education for management, a three-day get together at Aluminium, Ltd.'s Centre d'Etudes Industrielles in Geneva.

Teele's career has been virtually all B-school. He got his M.B.A. from Harvard in 1930, and joined the school in 1931 as a research assistant. His special field has been marketing, and he has published a couple of books on the subject.

In World War II, he was an aide to Donald M. Nelson, war production boss. He still keeps his finger in the Washington pie at times. When he returned to Harvard in 1944, one of his key jobs was chairman of the drafting committee that revised the first-year M.B.A. program.

Though Teele has far fewer outside interests or directorships than Dean David (Ford, Macy, General Electric, Aluminium Ltd., First National Bank of New York), he keeps his hand in practical business through trusteeships of a bank and of the George Putnam Fund, of Boston. For the latter he gets \$1,000 a month to add to whatever his salary as new dean will be—something around \$20,000 a year.

• **Three Precepts**—Looking broadly at his job, he has definite opinions on the three roles he plays: businessman, educator, administrator.

**On business:** ". . . in an industrial society a sense of responsibility—not just to profits but to the community—is of prime importance."

**On education:** "The conflict of ideas is the essence of a school. An organization without friction is a dead place."

**On administration:** "To get something done, you have to get other people to think they've done it."



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Pres. George Dively has made Harris-Seybold grow by . . .

## Organizing for Ideas

Early next month Harris-Seybold Co., long-time front-ranking printing machinery manufacturer from Cleveland, will make its bow in trading on the New York Stock Exchange. The day its stock first appears on the ticker will be a big one for Pres. George S. Dively—because he can mark off as accomplished one of the goals he set for the company when he took over as chief officer in 1947.

Like many another company among the Big Board's fast-growing new listings, Harris-Seybold once had the stamp of a "family business"—a sound, but conservative owner-run concern. It has taken Dively eight years to reshape its management team and policies so

that its shares would be attractive to investors on a nationwide rather than a communitywide basis. But—again like many similar companies—the hand of professional, non-family management is giving it a new personality.

**Old Ideas**—When Dively first took top office at Harris-Seybold, he had to have his courage with him. In 10 years with the company, working up through the ranks from assistant secretary-treasurer, he had seen how deeply permeated it was with we've-always-done-it-this-way thinking.

The company had grown out of closely held ideas and ownership. Even the 1926 merger of Harris (presses) and Seybold (paper cutters) shared owner-

ship only among three or four groups. The company had all the ills that sometimes beset family-controlled companies.

That was evident in a lot of ways. The company based its future prospects chiefly on its past engineering successes. There was money in the till, but no really progressive ideas on what to do with it. While sons and sons-in-law of the founders' children were drifting out of the business into other occupations, there was no plan to develop younger management. No growth objectives were set, and there was no thought of scientific marketing research.

• **Stepping In**—Dively had some inkling of all that even before he went with Harris-Seybold. But he also believed strongly that the up-to-date approach of professional management can often work wonders for a solidly constructed family company that's slowing down—so he lost no time in signing up with Harris-Seybold in 1937 when he had the chance. He brought to H-S both engineering and business-school training and 12 years of rounded corporate experience with North American Refractories Co., Carrier Corp., a Cleveland investment company, and Republic Steel.

• **Taking Over**—When he became president in 1947, Dively set right to work to plan both broad and immediate objectives and to organize functional operation. He started with little more than a lightly built scheme to encompass his broadest goals. He rounded up the nucleus of a management team, from within the company and outside. Then he cut and tried plan after plan until he constructed for Harris-Seybold the solid framework that has more than tripled sales and net profits in the eight years.

Organizationally, the company now hardly resembles the owner-type operation that Dively took over. To make the change as painless as possible, he moved slowly.

He began with a reorganization of the board. On the old, nine-man board six members represented the interests of the family or veteran executives. Dively sold the controlling family groups on a 13-man board—four men representing stockholders, four from management, and the remaining five composed of experienced outsiders from whom Dively wanted the fresh viewpoints and growth-mindedness he found lacking in the previous "inside" board. Without doubt he wanted the backing of these men as he went through a series of steps to improve the company in what might have seemed radical ways to the oldsters.

He succeeded, too, in changing the nature of the stockholding group. From the closely knit families, he broadened the ownership until today there are

more than 3,000 share owners holding H-S's 750,000 common shares.

Under Dively's administration there have been stock splits and new issues, both of which added new names to the stockholder list. Observers guess that the family sold off some of its stock to outsiders; the new issues were offered for public sale.

• **Performance**—These changes were not made just for the sake of change, but for better performance. You can see the results here:

	1947	1955
Assets . . .	\$12,000,000	\$33,000,000
Sales . . .	11,900,000	38,000,000
Net Profit . .	960,000	2,900,000
Dividends . .	226,000	937,000
Net Working Capital . .	4,500,000	22,000,000

(BUSINESS WEEK estimates for year ending 6/30/55.)

• **Three-Way Plan**—In the beginning, Dively divided up his problem into three parts. What Harris-Seybold needed, he saw was: (1) clear definition of company objectives; (2) systematic cultivation of new ideas; and (3) management development.

### I. Setting the Goals

Dively shook off the old tendency to do things on a day-to-day emergency basis. He insisted on a balancing of long-term and short-term objectives.

• **Philosophy**—The first step was to develop and define a basic corporate philosophy—to hammer out answers to problems never before solved: whether H-S could and should grow; whether to broaden the line; whether to continue to sell quality rather than price; whether to seek broad public stock ownership.

Dively's early estimate of the business boom from 1947 to date pretty well answered the growth question. H-S's ample funds, good name, and sound though somewhat static engineering dictated broadening the line and sticking to quality products. Spreading ownership to the public, he figured, would give the company permanency.

• **Operational Plan**—With these questions answered, the next step was to translate the corporate philosophy into operational plans.

Dively built his plans in four steps: (1) a five-year guide program based on long-range planning; (2) a yearly operating goal; (3) quarterly budget plans; and (4) monthly control reports.

• **Five-Year Program**—Dively's five-year program is general in nature, but specific enough to be effective as a guide.

For the current period, the five-year plan set up on July 1, 1953 establishes an increased volume objective, and defines the means of reaching it. It

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*"... he organized them for production of ideas just as he organized the company to produce goods . . . "*

STORY starts on p. 68

specifies methods of financing, and policies for developing the organization.

In broad outline, the program calls for reaching the growth goal half from H-S's engineering of existing or new products, half from acquisition of companies in related fields. (In 1953, H-S acquired C. B. Cottrell & Sons Co., an outstanding maker of letterpress printing equipment, whose products supplement the heavy H-S concentration in offset printing equipment.)

• **Men and Money**—Another section of the 1953 guide plan deals with organization and manpower development. Then there's a section on the financial consequences of growth. This section spelled out what had to be done to ready Harris-Seybold for the approaching Big Board listing.

Under Dively's conception of management by professionals, a company president is the dominant figure in all matters pertaining to the five-year plan. Staff research, as a matter of fact, is pretty much his baby at H-S.

• **Annual Goal**—Within the framework of the five-year plan is the yearly operating objective. It's when you get to this annual objective that Dively's top-level managers come in. It's also where the break from broad policy to administrative planning is made.

Sales forecasting and production scheduling play an important role in determining shipment volume and net profit. But the annual objective has been so carefully calculated that, since Dively took office, the company has never missed by more than 10% in reaching its targets on shipments or net.

• **Market Studies**—Key to success of the annual operating objective is a thorough study of the H-S market. This begins with estimates by field salesmen of what each customer will buy the next year. These estimates—on which the salesmen vie for accuracy—are compared with studies by a 10-man market research group.

This group is connected to sales only by the fact that it reports to the vice-president-sales; it is free of sales pressures and sales leads. Its job is to investigate the needs of present or potential customers (whom they never identify by name, so as to retain the customers' confidence).

The reports from salesmen and researchers are thoroughly mulled over and worked out into hard projections.

• **Short-Term**—Quarterly budget and monthly control parts of H-S's operational setup are pretty much standard. They are extensions of the longer-term plans, but with a little more "give"

built in, so any needed remedial action can be taken quickly.

## II. New Ideas

Dively chose four fields—market study, product development, industrial engineering, and staff research—as the most fruitful for new ideas. He organized them for production of ideas just as he organized the company to produce goods.

The actual organization is a Dively secret. But he takes pride in allocating 4% to 5% of the H-S sales dollar for engineering and product research. The national average for all industry is 2.5%.

Dively himself tries to develop plans on general management, particularly on financing and personnel. Right now, he's attacking pension, retirement, incentive, and wage programming.

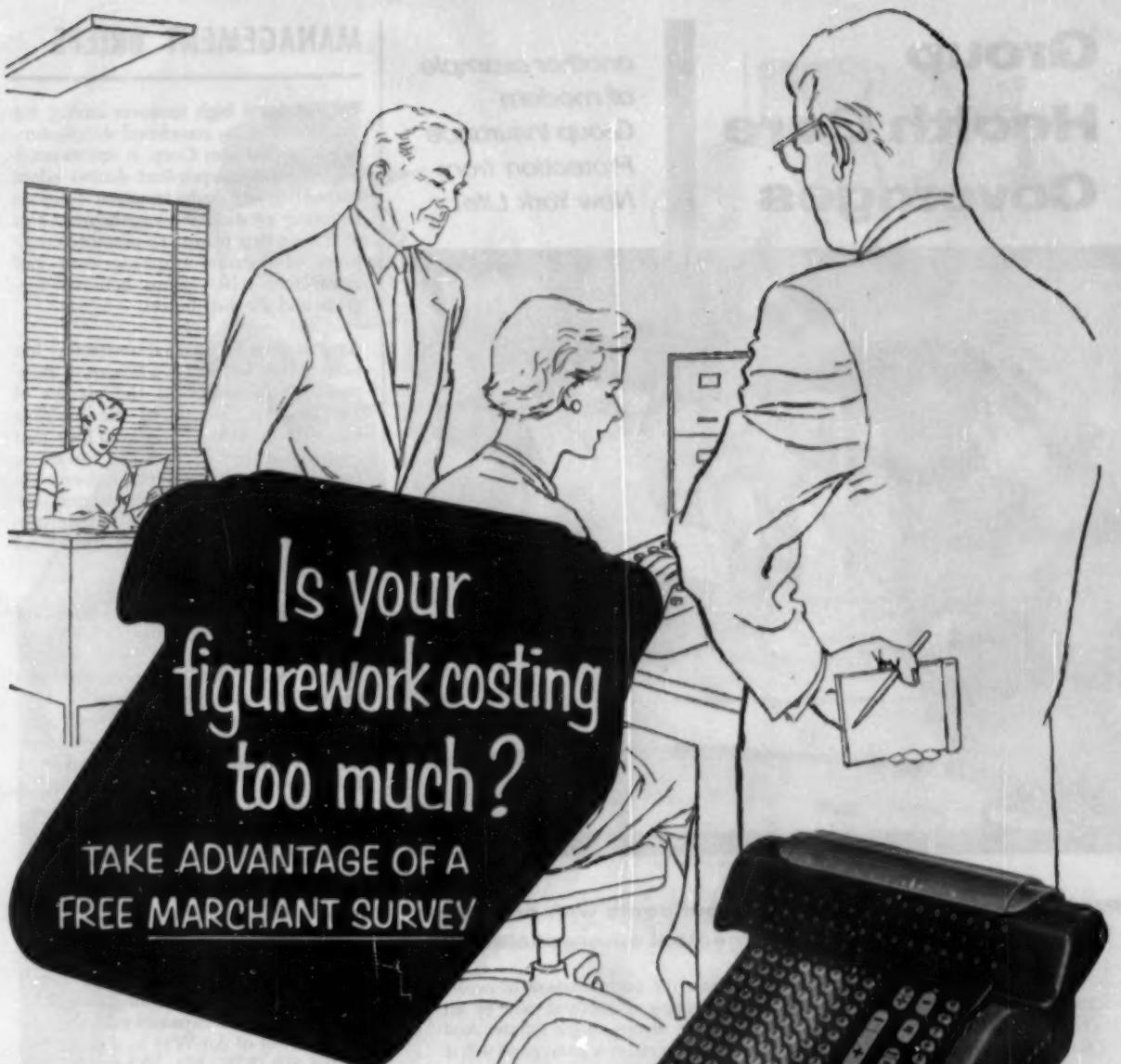
## III. Manpower Planning

One of the first things Dively bounced out was slow-moving, buck-passing committee management. He has substituted what he calls consultative management—which boils down to consultation of staff specialists and the decision-making line people.

• **Delegation**—Because of the multiplicity of comparatively small problems in making highly complex machines in job lots, delegation of authority is a must. This stripped authority from some senior hands and had some unpleasant overtones, but Dively felt he had no choice. The old system didn't develop enough managerial candidates. He had to see that some good people got their feet wet before it became an all-or-nothing plunge. As it was he had to go outside the company—against his wishes—for some talent.

• **Training**—Now H-S takes on four or five topnotch engineering or business college graduates each year for a two-year, rotating-assignment training course, with each one due for a job in the department to which he seems best suited. Record to date: Nobody has finished the course; every trainee has been spoken for before his two years were up.

To provide a climate for management, Dively is trying to set up clear-cut organizational relationships so every man can see the road ahead. Beyond this, and a real delegation of authority and responsibility clearly written into job descriptions, Dively has held out several big carrots— incentive compensation at nearly all levels, and stock options for top management.



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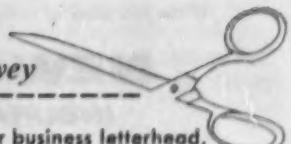
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## MANAGEMENT BRIEFS

To cut down high turnover among top executives in its franchised distributors, Seagram-Distillers Corp. is recommending that its independent dealers adopt a training and indoctrination program featuring rotation of assignments. Aim of the six-step plan is to promote continuity of distributor management and satisfactory relationships between Seagram and its distributors.

A curriculum for general contractors has been set up by UCLA's School of Business Administration at the request of Los Angeles Chapter of the Building Contractors Assn. This group feels that engineering, architecture, and real estate courses are not enough to produce well-rounded contractors. The program supplements the basic business administration course with engineering and liberal arts courses.

James H. Goss, general manager of General Electric's home laundry department in Louisville, will succeed Harold M. Turner as president and chief executive officer of Canadian GE. The Canadian company, whose sales run about \$210-million, has headquarters in Toronto. Turner, president since 1946, moves up to the new post of chairman. In this capacity he will act as top level liaison man with the public and government.

The offer of Air-Way Industries, Inc. to buy the outstanding stock of Lamb Industries, Inc., has been approved by Lamb stockholders. Toledo industrialist Edward Lamb, who heads Lamb Industries has been planning consolidation of the two companies ever since he took control of Air-Way in a proxy battle last fall (BW-Nov.20'54,p28). Air-Way, which plans more acquisitions, will give one share of \$50 convertible preferred for five shares of Lamb common.

Small and medium-sized companies, for whom "modern management techniques commonly used by big business are out of reach," can now get aid from GEMCO, Inc. It's a new company, set up in New York City by industrialists and financier Frederick W. Richmond, to offer small businesses the services of specialists in finance, economics, sales and marketing, purchasing, research and development. GEMCO's services, Richmond said, will be particularly in the metalworking and durables fields. The company will operate overseas as well in the U.S. and plans to add experts in industrial relations and foreign operations to the staff.



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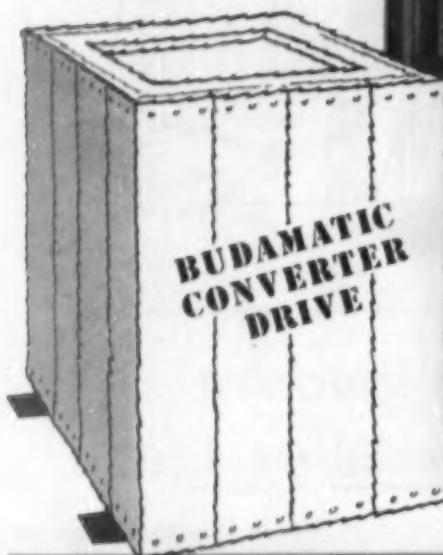
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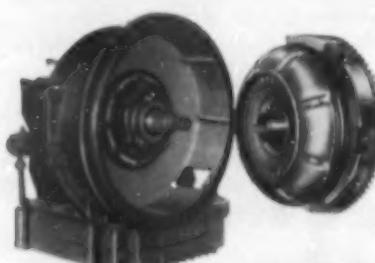


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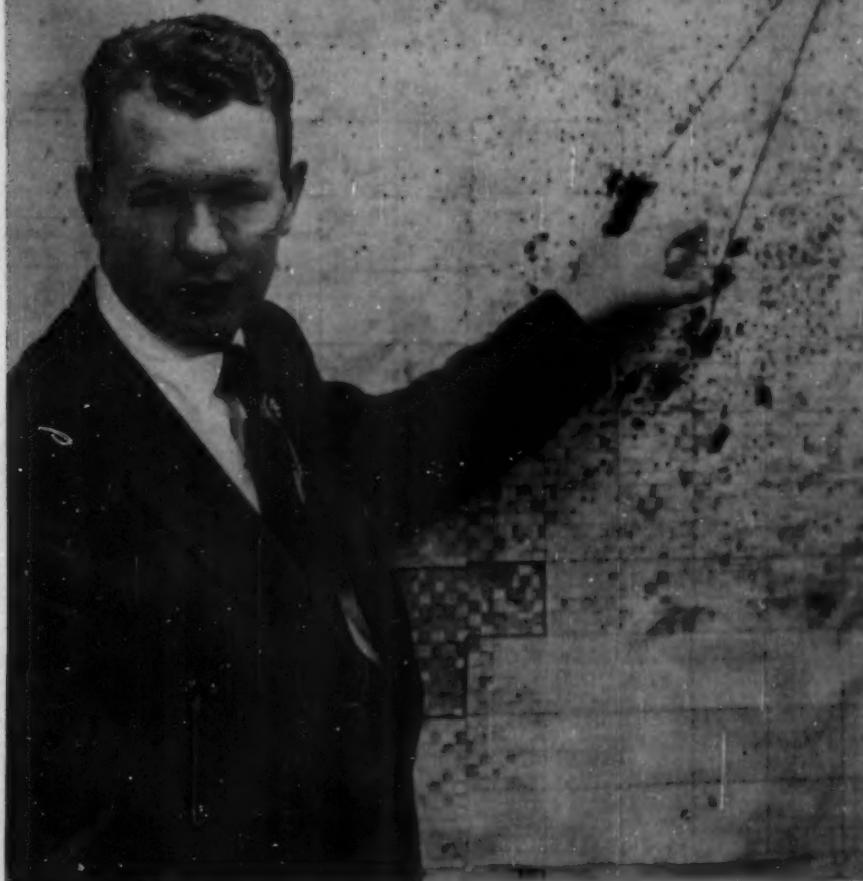
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## NAMES & FACES



An oil finder like geophysicist Paul Lightner Lyons has to know just what's underneath every point on the map—and how to beat the opposition to the right spot. He has to be a . . .

### Scientist With a Nose for Wildcats

Paul Lightner Lyons, the smiling man at the map above, is an "oil finder." In Texas, Oklahoma, Arabia, Venezuela—in fact, anywhere in oil country—that title is as much an accolade as a job description. It's evidence on the one hand of the great respect the oil industry has for its scientists, and on the other of how the rather theoretical pursuits of geology and geophysics have been adapted to the everyday practicalities of the great oil gamble.

Lyons is not a typical oil finder. In fact, there's probably no such thing. Each one's day is different. Even for the same man, it's impossible to set your watch by his routine—there is

none. Lyons, however, does telescope into one career many of the varied jobs that are part of the hunt for oil. And this year, at 44, he is president of the Society of Exploration Geophysicists.

• **Surface and Subsurface**—He's a tall Southwesterner with a friendly smile and just a hint of a Will Rogers drawl. He speaks slowly, and looks at you with soft blue eyes. There's nothing pedantic about his approach, just the impression of great confidence. He strikes you as a man who knows what he's talking about. If there's anything typical about oil finders, it's probably this low-pressure, but extremely effective salesmanship.

Lyons' most outstanding character-

istic, according to his associates, is his memory. They call it photographic. He knows subsurface layers of Oklahoma rock so well that often—without consulting his charts—he can tell drillers the exact depth at which they will hit a certain shale. But the memory goes beyond geologic formations, includes almost anything he reads. One reason for his great accumulation of knowledge may be that he never lets a doubtful fact slip by. He goes to the encyclopedia or other reference immediately when it's questioned.

• **Costly Guessing**—Early this month Lyons became chief geophysicist for Sinclair Oil & Gas Co., producing subsidiary of Sinclair Oil Corp. This can

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become one of the top scientific jobs in the country—and a job of great importance in the business picture, too. An oil finder is no cloistered scientific recluse. A bad geologic guess on his part can mean \$1-million down the drain. A run of bad guesses can turn a company's stock into wallpaper.

Lyons, and the men like him, constantly make major economic decisions. One of the biggest guesses they have to make—and make right—is to estimate the size of a reservoir if oil is struck. On the industry average, one wildcat in seven strikes oil or gas—but only one in 20 strikes a pool of 1-million bbl. With domestic demand hitting 8.5-million bbl. a day, the pressure to find oil is obviously strong. But a mile or two of pipe to bring up the oil can be expensive. You need a fairly substantial pool before you sink \$100,000 worth of pipe into the ground.

### I. Rock Hounds

Oil finders—"rock hounds," as they were called before they became essential and high-priced, were one of the first groups of scientists to get into the industrial fold. The big invasion came about the time of World War I, though a few geologists, such as Standard of Jersey's Wallace Pratt date back almost to the beginning of the industry.

• **Desk Man**—An oil finder like Lyons is really a management adviser. This may surprise laymen who picture the geologist as a rugged outdoor man exploring distant lands in all kinds of weather.

That picture is true up to a point. You can find such men bundled up in fur parkas, setting off dynamite charges in tundra areas near the Arctic Circle. Geologists do map topography as they chop their way through African and South American jungles.

But in spite of this field work, an oil finder is primarily a desk man. Surveys by leading oil companies show that less than 10% of an oil finder's time is spent in the field. A geologist arrives at his results mainly by a study of the make-up and porosity of rocks. A geophysicist works more with records from seismographs, gravity meters, magnetometers. Both use electric "logs"—those oscillating lines on a graph that represent what an electrode finds when it's let down into a hole.

So you'll find Lyons spending a good part of each day over map tables in a fluorescent-lighted room, surrounded by electric "logs," seismic reports, and maps of all kinds.

Another part of his day is spent "feeding the coolies." That's an oil country term that originated in Sumatra; it takes in the countless admin-

istrative and logistic chores that go with any big operation. And don't forget that oil is big business—so huge that a company with \$100-million a year gross sales is flippantly referred to as a "small" oil company.

• **Finding the Spot**—The oil finder's work begins long before a well is drilled, and his interest continues even after it has finished producing. The work starts in the field with the geologic crews and the seismic crews. These men map topography and rock strata to several miles below the surface.

Their accumulation of data has made a great contribution to the hunt for oil. Like all scientists, they are methodical about keeping records on experiments. And they share this information with each other. A few wells are still drilled without giving out information, but such "tight holes" are rare.

Because the same basic data are widely available throughout the industry, an oil finder like Lyons has to be fast with his interpretation. Many other geologists see the same thing at the same time. Management has to be shown the possibilities, and land acquired, before somebody beats you to the punch. A pell-mell rush into a new area can sometimes be sparked just by a report that a crew is clearing brush on leased land.

• **Drilling**—Once a decision is made to drill, the oil finder advises on how deep the well should be. No two wells are exactly the same, even those almost on top of each other. But from his general knowledge of the subsurface, he can tell pretty well what to expect. He usually throws in a couple of hundred feet extra just for safety.

He makes frequent checks as drilling progresses. If something unexpected turns up, he has to tell what it means. And if no oil is found at the specified depth, he's up against this question: to drill further, or call it quits.

Occasionally, everything looks good by the time the contract depth is reached, but there's no oil. It takes a lot of nerve—and money—to drill another well in the vicinity on the assumption that the first well may have been just outside the oil pool.

• **Accidents**—Sometimes, by accident, oil is found after all hope has been given up. That happened at the Leduc well near Edmonton in Canada in 1947. Top management in Toronto decided the well was dry and instructed the chief geologist to halt the drilling. Because of the time difference and an afternoon engagement, he put off the call till morning. But that night the first oil showed in what became one of the major oil provinces of the world.

Most laymen think of gushers when you mention drilling, but gushers are

WORTHINGTON MAKES AIR CONDITIONING NEWS



## "Drawing card . . ."

That's what W. L. Gates, owner of Wayne, Michigan's two largest furniture and appliance stores, calls his handsome new Worthington air conditioners.

And judging by the increase in sales since the quiet-running Worthington units were installed, Mr. Gates hit the nail on the head. Not only do more customers come in, stay longer, and buy more, but the Gates' sales-

people do a better job now that they're cool and comfortable all year-round. The always-dependable Worthington units do away with troublesome dust and excess humidity, too.

For the whole story on the economical, draft-free Worthington air-conditioner, see your Worthington dealer or write for new fact-filled booklet to Worthington Corporation, Section A.5.18-W, Harrison, New Jersey.

A.5.18

# WORTHINGTON



Climate Engineers to Industry, Business and the Home



## FOR SALE In San Antonio



### Modern, finely constructed building of 85,200 square feet

This building is now the home office of United Services Automobile Association (USAA), an insurance company serving the Armed Forces. Building will be available for occupancy on or about January 1, 1956 when new USAA office building now being constructed is completed.

LOCATED at 1400 E. Grayson St. across street from Fort Sam Houston and Fourth Army Headquarters. Only 10 minutes by automobile from downtown San Antonio. On city transit line. Two blocks from new expressway now under construction. Adjacent to a National bank and a branch post office.

PLOT on which building is situated measures 240 ft. by 193 ft. and occupies three-fourths of block, with streets on three sides. Also included are three parking lots totaling 48,000 sq. ft. accommodating 175 automobiles. (Two are across street from property; one a block away).

More detailed description, photographs, plans, etc., may be obtained by communicating with

Col. Mert Proctor, Asst. General Manager

**UNITED SERVICES AUTOMOBILE ASSOCIATION**  
1400 E. Grayson Street San Antonio 8, Texas



"Oil finding has been as profitable economically as anything mankind has done."

pretty much things of the past. Usually it takes very careful analysis of the logs to determine just where in the hole oil can be tapped.

In the Tioga field in North Dakota, which opened up the Williston Basin, the well went through nearly 1,000 ft. of oil-bearing rock before anyone realized it. Only when it was noted in a production department report that the grass on the lee side of the well showed an oily luster was the order issued to set pipe to bring up the oil.

\* **Gamble**—It's the man who pays the bills, of course, who has the final say on going ahead—because he has to raise the money, and because hunches contrary to the best geologic advice have sometimes resulted in important finds.

That's why E. H. Moore, one of the great Oklahoma wildcatters, once called in consulting geologist A. I. Levorsen to ask: "How far do you think I should be restrained in my operation by scientific opinion?" That's a real gambler's question. And wildcatting is a high-stake gambler's game.

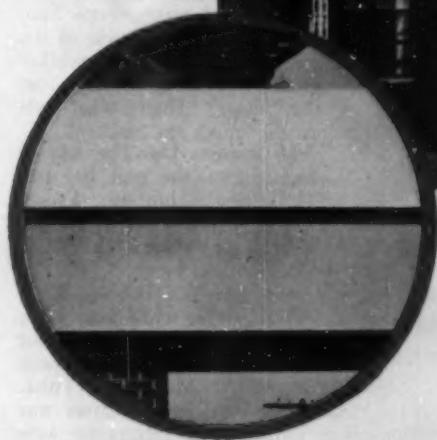
Still, oil finders like Lyons will have a great deal to say about the spending of \$4-billion on oil exploration and drilling this year—about one-fourth of it on the search for new pools, the rest for drilling in fields already discovered.

#### II. Top of the Ladder

Lyons is a member of a fair-sized fraternity. Right now there are roughly 13,000 practicing geologists in the country, and some 9,000 geophysicists. A recent survey by the National Science Foundation indicates that industry employs 72.5% of all geologists, 61.5% of the geophysicists.

The oil and gas industry, by most estimates, claims close to 90% of the industrial group either as direct em-

**BILLBOARD** at Jackson and McKibben Streets, Lima, Ohio, is close to a chemical plant and a rubber factory, and within a block and a half of two railroads. Erected a year ago, it's unharmed by smoke and industrial fumes, has been continually free of maintenance.



Trim produced by Kimball Mfg. Corp., San Francisco 7, Calif., on billboards of Chester Outdoor Advertising, Inc., Lima, Ohio.

SEVENTY-TWO FEET of trim in six sections are shown being lifted out of their carton. Light weight makes handling easy. Reinforced plastic trim can be sawed, punched, drilled and riveted. It's screwed to a metal bracket for mounting or nailing to billboard's wood stringers.



## This Billboard has a Message about Reinforced Plastics

Whatever the poster, here's the trim to set it off. Season after season, the trim on this billboard stays fresh and clean without a lick of maintenance.

Weather, moisture, corrosive atmospheres—even paste—can spoil the looks of *ordinary* billboard trim. But not *this* kind—reinforced plastic made of glass fibers and BAKELITE Brand Polyester Resins.

Big as it is, this example barely hints at the possibilities in reinforced plastics for economy in construction, service,

and upkeep. And to extend the range of jobs these materials can handle, Bakelite Company produces four groups of resins for reinforced plastics—epoxies, phenolics, epoxy-phenolics, and polyesters.

The point to remember is that Bakelite Company can meet *all* your needs for resins for reinforced plastics . . . tell you how to use them best in your product. Forty-five years of experience in plastics are available to you through the services of qualified representatives. Write Dept. HW-14.



**BAKELITE COMPANY**, A Division of Union Carbide and Carbon Corporation UCC 30 East 42nd Street, New York 17, N. Y.

The term BAKELITE and the Trefoil Symbol are registered trade-marks of UCC

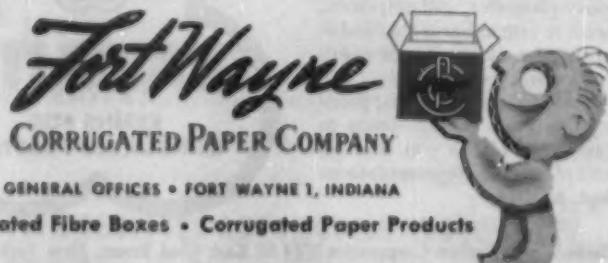
FACTS EVERY SHIPPER  
SHOULD KNOW



## JUST THE FACTS...

That's all we need. Just give us the facts on your shipping container problem. Fill us in. We'll call in Research, contact Engineering, put out a GTW\* on it. We'll design and build a quality corrugated container that'll solve your problem. The facts . . . that's all we need. Let us know.

\*Go To Work



ployees or as contract workers. With oil harder to find nowadays, there are plenty of jobs—and the numbers increase with the difficulty. There are 900 members of the American Assn. of Petroleum Geologists in Texas, where oil is getting more difficult to find; only 30 in Arabia, where it's easier to locate.

• **At the Top**—The men who stand at the top of the ladder among the oil finders—the really big money-makers among them—are the independent consultants, men who not only advise but do some drilling on their own. Among them you find men like Dr. E. L. DeGolyer, of Dallas, who conducted the first geophysical exploration in the world on Spindletop hill; and M. T. Halbouty, of Houston, whose techniques are used in drilling deep wells on the Gulf Coast.

Such consultants are free of the restrictions on regular oil company employees. Most of these are not permitted to own real estate, even have to rent their own homes. Some of the more fabulous consultants get another break: Instead of a fee, they are cut in on the "deal." That's what gets them into the upper tax brackets.

• **From the Bottom Up**—The top of the ladder is always the goal, but ladders start from the bottom. Lyons' first job at the height of the depression was as rodman on a Humble Oil & Refining Co. seismic crew.

Lyons was born in Oklahoma City, and except for some childhood years in Indianapolis and a four-year stint at DePauw University, he has spent most of his life in and around Tulsa.

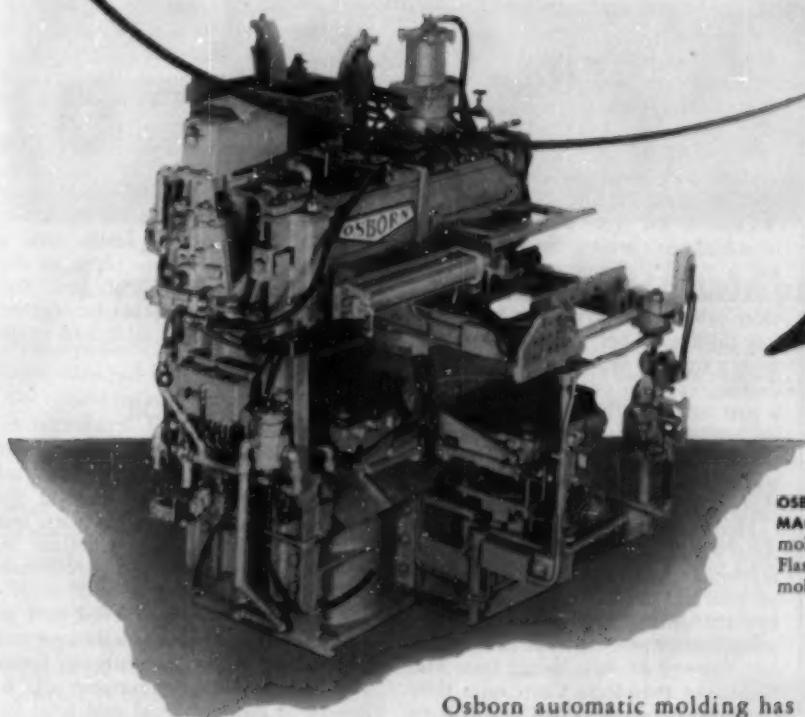
Most of his professional career was spent as computer or interpreter with Carter Oil Co., another Standard Oil Co. of New Jersey producing subsidiary. He was chief computer all through the war, when most of Jersey's geologic records were centralized in Tulsa, so he had experience in interpreting data from all over the world. Part of his professional reputation comes from a gravity map and a seismic reflection map of the U.S., published while he was with Carter.

### III. Small Company Man

In 1951, Lyons was hired by a "small" oil company, Anchor Petroleum, to set up an exploration department to broaden its base. Anchor, with headquarters in Tulsa, is a closely held company that ranks with Phillips Petroleum Co. and Warren Petroleum Corp. as top marketer of LPG (liquefied petroleum gas).

• **Opportunities**—A very frequent reason for shifting to a small company is that it offers an alternate route to the top—to top pay at least. In large companies men run headlong into seniority

**Whether you make castings  
or buy them—  
Osborn Foundry Automation  
can save you money**



**OSBORN MULTIPLE-STATION MOLDING  
MACHINE.** Turns out up to 300 half  
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Flasks are fed into one side, finished  
molds come out the other side.

Osborn automatic molding has brought automation to the foundry . . . has increased production per man-hour as much as 500 percent.

With Osborn automatic machines, molds and cores for castings are made on pre-set time cycles. They are more uniform in density, more accurate in size . . . yet cost less

to produce.

Whether you make or buy castings, it will pay you to have an Osborn specialist study your operations and show where foundry automation can cut your costs. Write *The Osborn Manufacturing Company, Dept. AA-3, 5401 Hamilton Avenue, Cleveland 14, Ohio.*

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**ANOTHER EXAMPLE OF OSBORN LEADERSHIP AND ADVANCED ENGINEERING**



Wherever narrow aisles and high stacking is required.



High Lift Go-Getter — a real brute for work.

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By Over 50 Years of Diversified experience.

**Revolator Go-Getter Lift Trucks** have been used to solve a great range of materials handling problems. Quiet, smooth, powerful operation; easy maneuverability; the freedom from heavy maintenance; overall simplicity of construction of these Revolator Go-Getters have made the name Revolator synonymous with peak efficiency in materials handling. Today write for full information.

**REVOVATOR CO.**  
8711 Tamm Ave., No. Bergen, N. J.



### Repair Man Credits KLIKON Protectors With Saving Dollars

**SYRACUSE, N. Y.**: Mr. George Novas of the Square Electric Co., has many years of experience in motor rebuilding and the part that Klikon Protectors play in preventing motor burnouts. He says —

"Through long experience in major repair business, we have found the Klikon Protectors have saved a lot of motors from burnouts, especially with motors in refrigerators. Many dollars have been saved, our customers through Klikon protection."

The Klikon Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with Klikon Protectors.

WRITE FOR THE NEW FREE  
INFORMATIVE BOOKLET, "THE  
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SPENCER THERMOSTAT DIV.  
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Manual reset

**KLIKON**

rules, develop a feeling of claustrophobia in their specialty, seek broader administrative experience, which they feel is needed to get them to the top. That desire was Lyons' reason for going with Anchor. But money probably entered into it, too.

Since they employ only a handful of scientists and do a minimum of training, small companies can pay relatively high salaries. For a geologist with a few years' experience in a big company, they will pay two to four times the \$500 a month he'd get in his third or fourth year. In the top levels, say for a vice-president, pay may run up to \$70,000 a year plus bonus.

• **Exploration**—As Anchor's exploration manager, Lyons' day started with a study of the news—the private-circulation industry reports summarizing each area where exploration is planned or under way. A small company has to specialize in an area or a particular type of drilling, and an exploration manager has to know precisely his company's capabilities, and fit them into the news reports.

If a bit of news intrigued him, Lyons might send out one of his eight men on a sort of spy mission, or go himself to the central Oklahoma area where Anchor specializes. At the same time he would have "landmen" in the county seats checking on land ownership.

• **Deal**—If the field man or the landman finds an opening, the ground is set for a "deal." Small companies, generally, are opportunists, and always consider other ways of making money before drilling. They may pay "dry-hole" money to help finance someone else in drilling, or farm out acreage, retaining a part interest (that's a way of "proving up" acreage and getting into production without trying to do all the wildcatting yourself). Or they may sell their acreage for a higher price.

Here's what Anchor was doing last April with holdings in Lincoln County, northeast of Oklahoma City, where an oil rush was shaping up. It had footed half the drilling bill on one promising well, farmed out another rather risky one, received dry-hole money from Mid-Continent Petroleum Corp. on a third. On another parcel, it had sold half the lease for the original purchase price of the whole.

### IV. Big Company Man

Lyons' shift to Sinclair this month is a step up the ladder for him. It also symbolizes a change that has come to Sinclair.

Sinclair, which last year became a member of the \$1-billion sales club for the first time, has generally been regarded as a "land" company. That is, it has depended on the smartness and alertness of its real-estate men to acquire a substantial amount of desirable

acreage either before or after an oil rush starts.

Recently, however, as the search for oil gets rougher, Sinclair has been leaning more and more toward scientific exploration. Though "landmen" still head the company and its divisions, they are relying more on geology and geophysics. The program seems to pay off. Last year Sinclair Oil & Gas found oil or gas in 17 successful wildcats, against 47 dry holes. (That compares with the industry average of one successful wildcat in seven.)

Sinclair, with its checkerboard holdings in many potential oil areas, also has a liberal policy of paying dry-hole money to others to drill and is well known for its farm-outs. Last year it gave 458 such "assists"—largely to get more data for its scientists to interpret and correlate.

• **Frontiers**—Sinclair's citadel is Oklahoma—Lyons' old stamping ground—where it has about 5,900 oil wells. Last year it found a new major pool near Marshall in Southern Oklahoma. But its interests extend around the world. Its current exploration frontiers are West Texas, Canada, Venezuela, Ethiopia, Somaliland, and New Mexico.

• **And Paperwork**—Lyons has hopes of getting to East Africa on assignment. But wherever he goes, there will likely be a lot of paperwork in his future.

As it is, Lyons frequently carts a bulging briefcase to his home in the fashionable southeast residential section of Tulsa. After dinner he empties it on the dining room table and works while he listens to TV.

### V. Tomorrow's Oil

Lyons is extremely optimistic about the future of oil in the U. S.—hardly an unexpected view from the head of the Society of Exploration Geologists, but quite contrary to the predictions of many experts, particularly government men, who see the future with misgivings. These experts have cried wolf so often, though, that no self-respecting oilman takes the cry seriously any more. Way back in 1914, for example, a U. S. Bureau of Mines official said total future U. S. production would not exceed 5.7-billion bbl.; in 1951 alone, 5.1-billion bbl. were found.

There's no doubt that (1) we are consuming oil at a steadily increasing rate, and (2) oil is becoming more expensive to find. Lyons agrees that many conventional methods of finding oil have been pretty well exploited. But he looks to the scientific oil finders to learn a lot more about oil and how it forms and to push some unorthodox methods of locating it. And as long as the incentive to gamble remains, the unorthodox methods will be tried out and oil will be found.



**"I've been a stockholder in highways for 30 years..."**

"These plates bring back pleasant memories of the cars that carried them. They also remind me of my annual investment in highways. They are my highway 'stock certificates.'

"With each license I invest more money in roads. So do you. We invest in roads every time we pay the tax on a tankful of gas or pay a toll. That's where money comes from to build and maintain highways. *It's all our money.*

"As a highway stockholder I'm interested in getting the best return on my money. I've found I do when our main roads are paved with concrete.

"Concrete costs less than other pavements, earns more. Crazy? Look—

"Engineers say concrete usually costs less to build than other pavements designed for the same traffic. For instance, they estimate concrete saved \$9,740,000 on the Indiana Turnpike.

"Concrete costs less to maintain tool. Highway departments in 24 states have figures on 200,000 miles of highway for an average period of 23 years. They show it costs from 26% to 59% less to maintain concrete highways than other types.

"Concrete also lasts longer! Its average service life is twice that of the nearest competitive type of pavement.

"Low first cost + low maintenance cost + long life = *low annual cost*.

"Roads earn money, too, in gas and other taxes we pay to drive on them. With their heavy traffic and long life, concrete roads usually earn more than they cost. The profit buys more roads. Other pavements often earn less than they cost, thus draining new road funds."

"I discuss all this with my friends, neighbors and fellow club members. I urge my governor and the state highway department to pave all of our main roads with concrete. As a highway stockholder I am interested in the very best return on the investment being made with the taxes I pay. How about you?"

## PORTRLAND CEMENT ASSOCIATION

PORTLAND CEMENT ASSOCIATION  
Dept. A&D-12, 33 W. Grand Avenue, Chicago 10, Illinois  
A national organization to improve and extend the  
uses of portland cement and concrete . . . through  
scientific research and engineering field work.

Concrete highways such as this U.S. 80 at the intersection of Mississippi Routes 49 and 51, with overpasses to separate intersecting traffic, median strips to separate opposing streams of traffic, wide lanes, adequate shoulders, low grades, broad curves and long sight distances are examples of modern, safe roads. Concrete roads like this are low-anual-cost, high-earning capacity highways.

Write for a free booklet, "It's Concrete 11 to 1," distributed only in the United States and Canada.



# Farm Journal and Town Journal Acquire Country Gentleman— Open Broad Dual Highway to Rich Countryside Market— Farm and Town.

- *Now it will cost less to reach and sell the big and growing U.S. farm market.*
- *Now it will be easier and cheaper to reach deeply and effectively into the hearts and minds of millions of home-town families all over America.*
- *Both readers and advertisers will get more for their money—much more.*

Twenty years ago, FARM JOURNAL introduced a new kind of farm magazine to meet the needs of a new kind of farm market. FARM JOURNAL did not wait for the new era. It led the way, helped mightily to make it possible and became the recognized leader in a highly competitive field—first with readers by hundreds of thousands, first with advertisers by millions of dollars.

Of the more than sixty million people who live beyond the metropolitan centers—in Countryside America—two thirds do not live on farms. Although a great many of these people do have a business interest in farming, many, many do not. Nevertheless, thousands upon thousands of them read farm magazines regularly.

To us, this meant just one thing. Farm magazines are family magazines. Here, in the very center of the great U. S. family market, was an enormous, ready-made opportunity for a non-farm, *family* magazine. We produced TOWN JOURNAL to meet this need.

It was the warm reception given TOWN JOURNAL by countryside families and the ever-widening appreciation of its power and place by advertisers which led us to purchase the COUNTRY GENTLEMAN and extend this concept of the right magazine to the right people in the countryside market.

COUNTRY GENTLEMAN is a distinguished magazine with a fine audience divided nearly equally among families living in towns and families living on farms.

It is our purpose to give both divisions of this audience the magazine which will best serve the needs and interests of the readers.

To farm families we will deliver an even greater FARM JOURNAL-COUNTRY GENTLEMAN.

To non-farm families, we will deliver a bigger, richer and more helpful family magazine, TOWN JOURNAL.

And to advertisers everywhere, we will deliver unprecedented coverage of top quality, undiluted circulation—farm and/or town—at a notable savings in cost, now and in the future.

## OF IMMEDIATE INTEREST TO ALL MEDIA PEOPLE!

The current U. S. subscription circulation of the COUNTRY GENTLEMAN is approximately 2,420,000. Of these, we estimate that 1,300,000 duplicate with FARM JOURNAL, 300,000 with TOWN JOURNAL.

Our object will be to divide these 2,420,000 subscribing families into two groups—those who take an active interest in farming and those who do not.

We will begin by splitting the subscription list into two parts—the 1,250,000 R.F.D. subscribers and the 1,170,000 non-R.F.D. subscribers.

Of the 1,250,000 R.F.D. subscribers, we estimate that 700,000 already subscribe to FARM JOURNAL. This is now being determined. Duplicate FARM JOURNAL subscriptions will be extended. The remainder—550,000—will become new subscribers of FARM JOURNAL.

We are writing to the 1,170,000 non-R.F.D. subscribers offering FARM JOURNAL to those who have a real farm interest, TOWN JOURNAL to those who do not.

It is anticipated that FARM JOURNAL's circulation will be increased from this group by perhaps 100,000 and TOWN JOURNAL's circulation by from 500,000 to 600,000. The remainder will be largely accounted for by extensions of duplicating subscriptions.

With all COUNTRY GENTLEMAN subscribers, as with our own, our policy of satisfaction or money back will apply.

We are confident that FARM JOURNAL's net paid, unduplicated circulation will rise from the present 2,870,000 to more than 3,500,000 with the September issue—TOWN JOURNAL from the present 1,650,000 to more than 1,900,000 and continuing to grow to more than 2,000,000 by mid-fall.

Current, low, FARM JOURNAL, TOWN JOURNAL and COUNTRYSIDE UNIT rates now in effect will apply through the January 1956 issues.

New guarantees and new rates effective with the February 1956 issues will be published shortly.

## BUY OF A LIFETIME!

Beginning with the September issues and continuing for five big months, throughout the very height of the selling season—

Pay the current FARM JOURNAL rates based on 2,860,000 circulation—enjoy the power of two great names and more than 3,500,000 circulation—a bonus of more than half a million per issue!

Pay the current TOWN JOURNAL rates based on 1,600,000 circulation—feel the impact on 2,000,000 or more busy buying families in the very heart of the big U. S. family market.

Save more, sell more—buy the COUNTRYSIDE UNIT—(FARM JOURNAL-COUNTRY GENTLEMAN and TOWN JOURNAL). Current rates based on 4,450,000—actual circulation nearer 6,000,000!

# FARM JOURNAL, Inc.

Publishers of Farm Journal and Town Journal

Washington Square, Philadelphia 5, Pa.

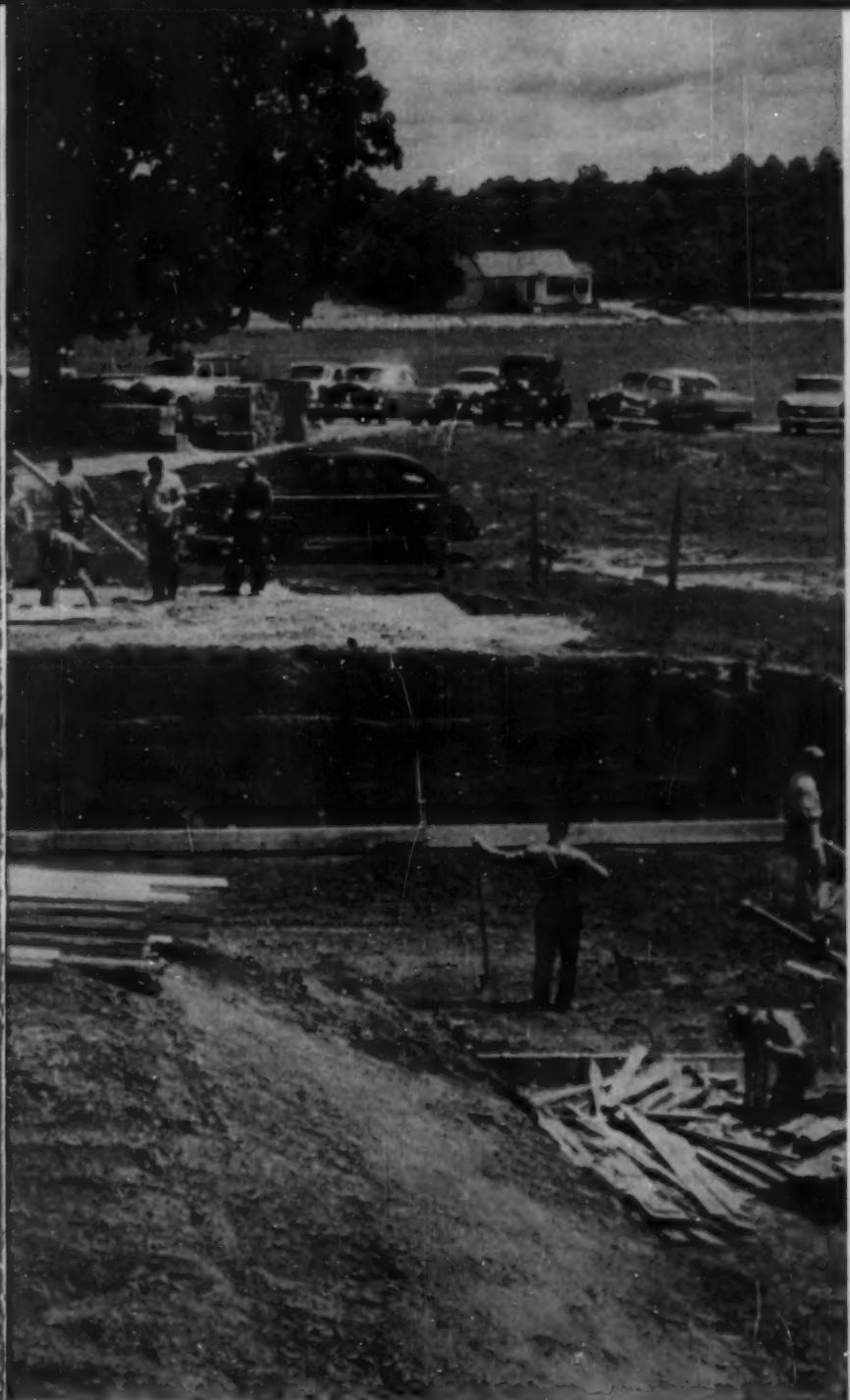
Graham Patterson, Publisher

Richard J. Babcock, President



THE COUNTRY CLUB takes shape in Lawrenceburg, Tenn., as the town gets together to build it out of donated materials, on donated time. Lawrenceburg, not long ago, was just another one-horse town, snoozing quietly under the hills. In turning itself into a country club town, it's not trying to look down its nose at its neighbors. It's doing it because it has found that if you want to attract industry . . .

**"You Gotta Have A Golf Course"**



Lawrenceburg, Tenn. (population: 5,483), used to be like any of the other small one-horse towns that are dotted around the Mid-South. It snoozed quietly under the hills, served as a local center for its district's farmers, and looked to the bright lights of Nashville for its excitement.

But today, Lawrenceburg is an up and coming country club town. It changed its face almost overnight.

What prompted the change was this warning that scouts from a large north-

ern electronics company delivered to Lawrenceburg's city fathers: "If you want to attract industry you gotta have a golf course."

Lawrenceburg, like plenty of other towns around the nation, is eager for industry to move in. Local businessmen would do almost anything to get northern companies to set up plants in town. In fact, over the last few years, they've done almost everything.

They were told their town needed a hospital, so they built one that cost

\$550,000. They were told it needed more hotel rooms, so they built a new hotel. They added a gymnasium, a \$40,000 auditorium, and extra housing—but still no industry moved in.

• **A Bite . . .**—Finally, the electronics company from the north began to nibble. It wanted to put up a plant that would employ 1,500 people.

What had attracted the company was a startling labor registration figure compiled in 1950. The total number signed and classified was 21,000.

But when the electronics company's scouts asked: "Where's the golf course?" the locals' faces fell. They didn't have one. The company said it would "think it over"—but it left with a warning that it would probably move to another town in Georgia that had a golf course.

• . . . **And an Empty Hook**—Lawrenceburg's businessmen and its mayor thought it might still not be too late. In two weeks, they collected \$1,000 each from 63 citizens to finance a golf course. Local farmers brought out their plows, everyone joined in, and within two months a nine-hole course was laid out. The course opened last fall. But the electronics company had moved to Georgia.

Lawrenceburg sighed—and looked over the books to see just what had happened.

A complete watering system had been installed for only \$1,300. The Southern Tennessee Turf Assn. had reported that Lawrenceburg's greens were "as good as we've seen all summer." A Nashville golf course architect had designed the course free of charge. Land had been bought "for a very reasonable price." Total cost, so far: \$16,000.

A downtown car dealer, E. N. Parkes, who has been elected president of the golf course association, says the only thing needed to round out the country club is a clubhouse (picture).

• **Fresh Bait**—Lawrenceburg is now sending out new brochures to other companies up north, and the locals' hopes are high.

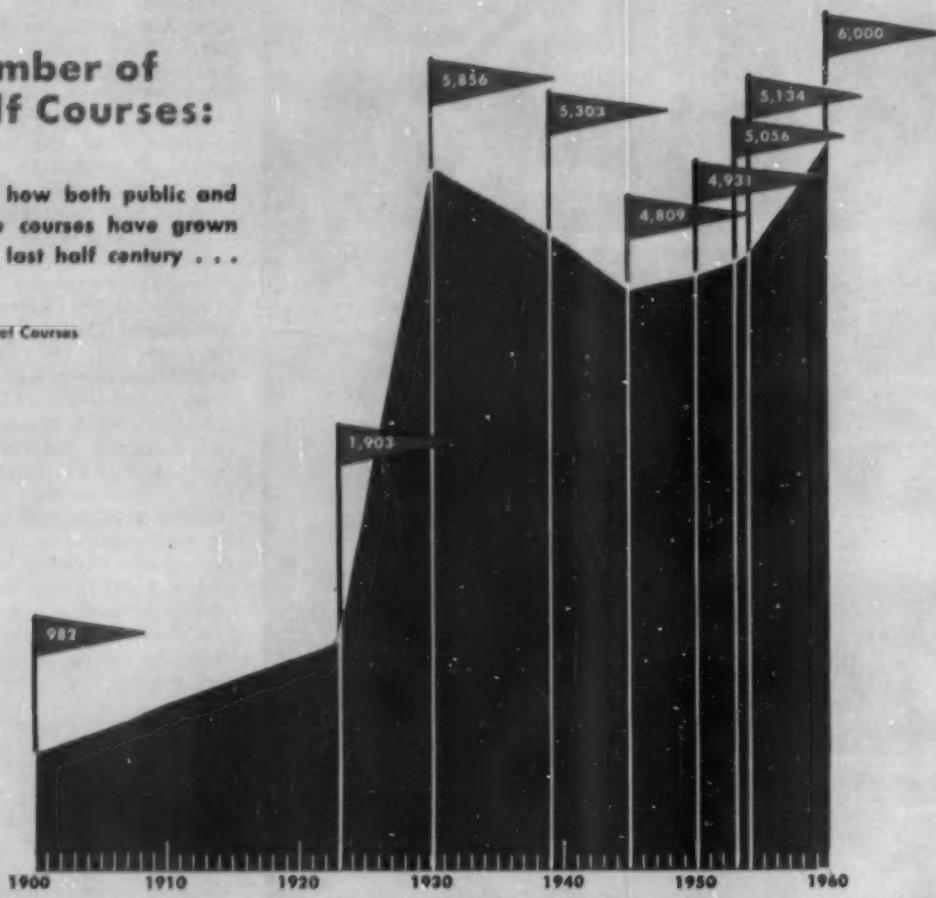
In the brochure, Parkes says: "Lawrenceburg is marking time with a new hospital, a bountiful supply of soft water, a large surplus of labor, and one of the best golf course layouts in the Mid-South. We are all waiting—patiently—for some sizable industry to avail itself of the numerous advantages our town has to offer."

Lawrenceburg isn't the only town in the nation that has found there's a mighty pressure for golf courses. Across the country, golf is a \$1-billion industry, as well as a pastime. Around 5-million players are slicing, hacking, and driving away along the fairways today. As more courses are built, the players' ranks are bound to grow fast. For the story of what's happening to golf, turn the page.

## Number of Golf Courses:

Here's how both public and private courses have grown in the last half century . . .

Number of Courses  
in Flag



©BUSINESS WEEK

- 1900 First public links in U.S. opened just a short time before, in New York.
- 1923 Through the roaring 20s, almost 4,000 courses built, most of them private.
- 1930 Depression, and golf took a beating. Golfers had leisure time, but not the money.
- 1938 WPA builds municipal courses, and the trend to public courses gets faltering start.
- 1941 World War II knocks the game into bad shape, takes huge slice out of players' ranks.
- 1945 Golfers' ranks slide to lowest level—about 2.8-million players—since late 20s.
- 1950 Move to suburbia gets into its stride, players' numbers jump to more than 3-million.
- 1953 Another 1-million players crowd on to the fairways, and courses become congested.
- 1954 An estimated 5-million players put severest pressure yet on U.S. public, private courses.

## Golf: Now Everyone's Playing

The game of golf has been through a lot in the past half century. Many of the old rules and traditions remain (keep the head down on the swing, replace divots), but old-timers would hardly recognize the crowd on today's fairways. While the sport teed off for a magnificent drive in the 1920s (follow chart above), headed into a trap in the Depression, and went crashing into the woods in World War II, many things happened to golf—and to golfers.

Golf used to be a snooty pastime, indulged in mostly by the male members of the carriage trade. Women and

children were taboo; businessmen had a tranquil sanctuary on the fairways, and at the 19th hole bar.

But now, foursomes of the good old days have to stand back in amazement to let an estimated 5-million factory workers, school teachers, grocery clerks, housewives, and businessmen of all ranks play through on a pitifully small number of courses—about 5,000 public and private.

• **Goldmine on the Green**—Club managers and equipment salesmen see an open fairway ahead for golf as a money-making industry. Last year, a legion

of lashers whacked away at more than 35-million golf balls (and lost a lot of them—at prices ranging up to \$1.10 a ball). They spent around \$1-billion on equipment, dues, caddies, liquor, and other products necessary to the game.

But some pros do not think the game is completely out of the rough. The National Golf Foundation feels the golf industry has been overdoing its pitch to get more players. There are plenty of players now, but far too few courses, NGF says. The worst shortage is in the public links, where more than



## SAFETY is a far greater problem now!

MAYBE you have memories of scenes like the one above when the "horseless carriage" was just beginning to roll along our roads and streets. You may remember, too, how careful the drivers were . . . and how everyone took precautions to avoid accidents with the new and wonderful machines.

Automobile safety was important then, but it is far more so now. This is because the modern car is such a sensitive and powerful machine . . . and because today our

streets and highways are crowded with over 58 million registered motor vehicles. Furthermore, most city streets were laid out when horse-drawn vehicles were the principal means of transportation.

Safe motoring is, of course, vital the year round if the toll of lives from motor vehicle accidents is to be reduced. That toll now amounts to more than 36,000 fatalities a year.

During the summer, motorists on weekend outings or long distance touring are

especially tempted to be careless. Such drivers are frequently in a hurry to reach their destinations, and often try to crowd too much mileage into too little time.

This get-there-quick urge may lead to dangerous situations . . . and rob motoring of its fun. So, before you get behind the wheel this summer, would it not be a good idea to take a look at your driving habits? Here is a quiz that you can take. Your score may determine how safe you, your family and others on the road will be.

Count 10 points for each question		Your Score	Perfect Score 100	Your Score
1. Are your brakes in proper working order?		6.	Do you keep in line when nearing the top of a hill or a sharp turn?	
2. Do you carefully observe all traffic regulations, particularly about speed?		7.	Do you slow down at darkness so you can stop within the distance illuminated by your headlights?	
3. Do you watch movements of other cars and try to anticipate what their drivers will do?		8.	Do you have your car checked before starting on a long trip?	
4. Do you always stop driving when you feel fatigued or ill?		9.	Do you give other motorists a break by signaling in ample time before stopping or changing direction?	
5. Do you drive with extra caution when pedestrians, especially children, are about?		10.	Are you familiar with the distances required to bring your car to a stop at various rates of speed?	

Every time you take the wheel . . . remind yourself that your driving is, at the moment, your most important responsibility. Then you will be a better driver, a safer driver. Most impor-

tantly, you will be doing your part to make our streets and highways less hazardous for everyone. At the same time, you will increase the pleasure of your driving.

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Insurance Company**

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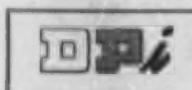
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## Big deal

The order is only for 100 pounds. But that's 100 times as much of this particular organic chemical as has ever been seen at one time. Anybody looking for the right kind of chemical experience and facilities to bring off an assignment like that economically should write to *Eastman Organic Chemicals Department, Distillation Products Industries, Rochester 3, N. Y.*



**Distillation Products Industries**  
is a division of *Eastman Kodak Company*

3-million golfers have clogged weekend play almost to a standstill.

• **Pressure in the Suburbs**—Some towns, like Lawrenceburg, Tenn. (page 86), are frantically trying to get more golf facilities. They believe their prosperity depends on it.

The big drive this year is toward more public and industrial courses. Last year, course building picked up some momentum when 92 courses were completed, 198 started, and 359 planned. Five years ago, only 30 courses were completed, 43 started, and 25 planned. But course building must move even faster, say course managers, if it's to make up not only for the increasing flood of golfers, but also for the annual loss of courses to suburban housing developments and highway programs.

### I. New Man on the Course

The fast increasing pressure on the public courses reflects, in many ways, the nation's changing economic and social picture. The figures don't tell the whole story: In the 1920s there were actually more courses (5,856 in 1929) than there are today (5,134 last year). But most courses in the 1920s were the preserve of the well-heeled male golfer.

Today, it's very different, and these are the groups who are giving golf its boom—as well as changing the picture of the U. S. golfer:

• **Women**—They're taking over weekdays on the fairways. This is due to heavy promotion and to the housewife's steadily increasing leisure time.

• **Small Fry**—They're jamming the links every day. Many schools now have golf teams and golf instruction for credits in physical education. High school golf was practically unheard of on a national scale 10 years ago.

• **Negroes**—They're accepted on most northern courses and on a growing number in the South. On the fairways, their ranks have swelled from practically nil before World War II to nearly 400,000 now.

• **Old Folks**—They're trundling around the fairways in electrically driven golf carts that carry up to four passengers. Senior golf associations are filled to capacity.

### II. Back to the People

The game of golf started on a public course. St. Andrew's (Scotland) was established, in 1754, as a public course, and today, two of the four courses at this golfers' Mecca are operated by the town council.

The U. S.' first public course was opened at Van Cortlandt Park, N. Y., in 1895. By 1910, the U. S. had 982 courses, but only a small percentage was public. And, out of the 5,856 courses

operating in 1929, only 300 were municipal links.

• **Make-Work Courses**—In the Depression, all golf slumped. As recovery began and many municipal courses were built by WPA, the picture changed.

Private capital began to join municipal funds in operating public courses, giving rise to the semi-private daily fee course.

By the time of Pearl Harbor, the U. S. had 711 municipal courses and nearly 1,210 privately owned public courses. Private country clubs slid to around 3,000, and have stayed there since, although many are now relocating or making additions. World War II put the game in bad shape.

At the war's end, manufacturers had an equipment void to fill. In filling it they kept their eyes on the new class of suburbanites. These people had much more leisure and money (BW-Jun.12'54,p68) and their attention was switching from spectator to participation sports.

• **Living on the Course**—But the lack of enough courses to accommodate the suburban hordes soon became acute, and a vicious circle got under way when real estate developers began plowing up fairways to make room for more suburbanites who wanted to play more golf. With this, promotion hurriedly shifted from the angle of "Let's all play golf" to that of "Your city needs a new golf course."

Cities around the nation quickly took heed. Topeka, Kan. (population: 100,000), which used to be one of the largest towns in the U. S. without a municipal golf course took heed after golf course advocates persuaded city fathers that a municipal course would be self-sustaining. To back this sales pitch, the golf enthusiasts opened the books of other municipal courses and came up with these figures: Los Angeles—revenue, \$681,405, expenditures, \$526,005; Waukegan, Ill.—revenue, \$35,535, expenditures, \$23,289; Wheeling, W. Va.—revenue, \$39,232, expenditures, \$30,839.

### III. Aided by Industry

Now that municipal courses are spreading, industrial links are next in line for expansion. Golf, according to Commerce Dept. figures, is one of the top three recreational outlets for industrial workers. (The first: softball; the second: bowling.) Golf is included in the recreational programs of more than 15,000 companies, and nearly 90 of these have their own courses.

Ford, last year, counted more than 3,500 men and women golfers in its organized league play. Three years ago, the figure was only 1,500.

• **Lush Programs**—International Business Machines has one of the country's

## Raw materials are handier

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Basic raw materials for industry converge on Greater Philadelphia over its unequaled rail, truck, ship, pipeline, and air transportation facilities. Whether you are interested in manufacturing, processing, fabricating, or refining, you will find here the skills, the market, the site, and the distribution means for an efficient, economical, and profitable operation. Translate all that Greater Philadelphia offers into terms of your own business. Add plenty of electric power now and for the future. Aren't these the advantages you are looking for in a new location?

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## SERVICE STATIONS

### *... and Tailor-Made Packaging*

You don't have to spill much oil or grease to make a mess. Yet a modern service station is as neat and tidy as any business place you can find.

One of the big reasons is tailor-made packaging. It's a lot easier to handle oil when it comes in refinery-sealed cans—absolutely clean and dustfree—clearly identified as to kind and grade.

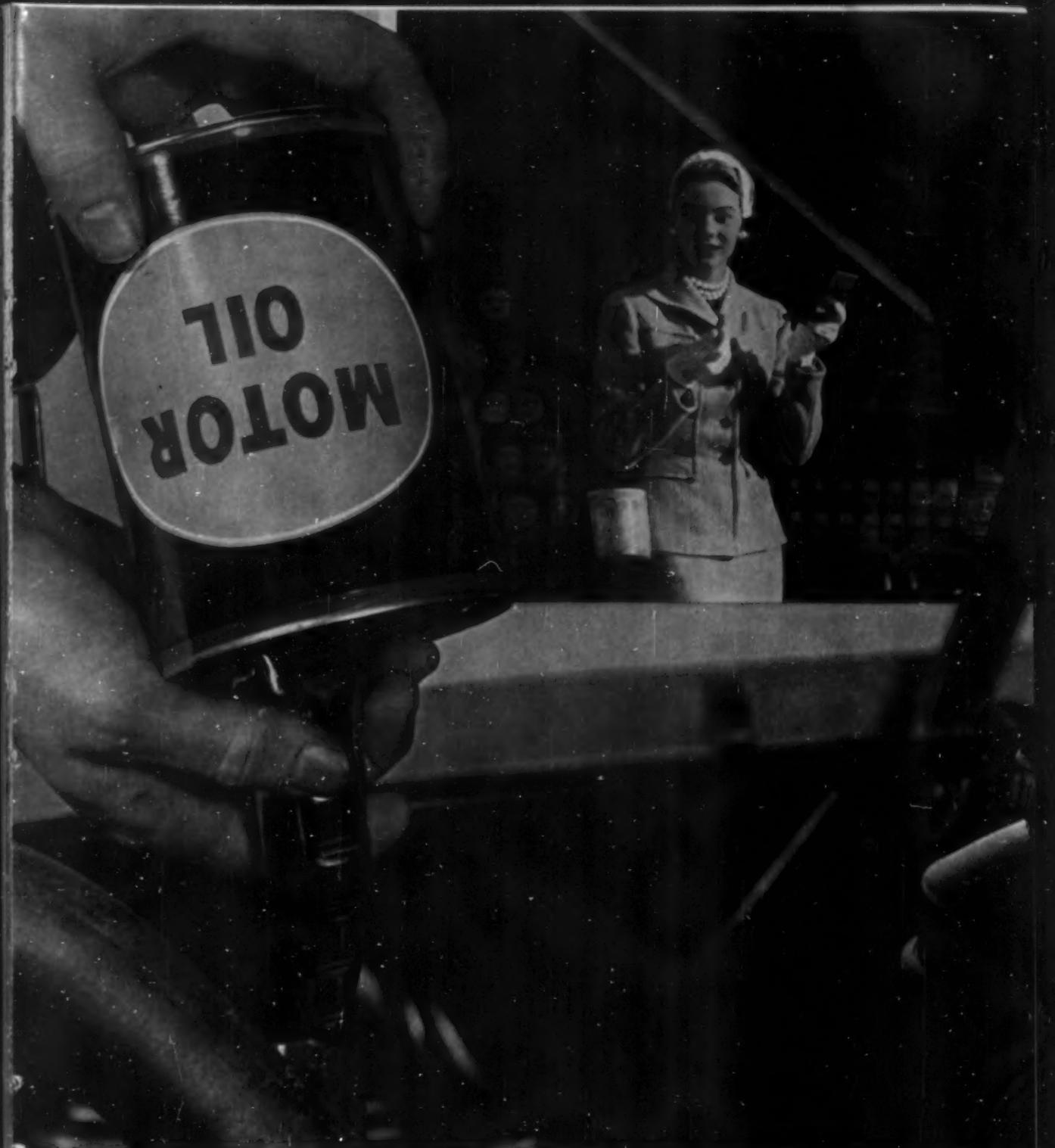
It's easier, too, to handle anti-freeze, special oil additives, touch-up paints, and other automotive needs when they can be stocked on shelves as neatly as so many cans of beans. Even such things as light bulbs, fuses and cleaning cloths are now "package" items.

Next time you are in a service station, just count the articles packed in cans, drums, pails, cellophane and bags—and imagine what it would be like without tailor-made packaging. Modern service stations, like modern food and drug stores, serve you better because they have become merchandisers of packaged goods.

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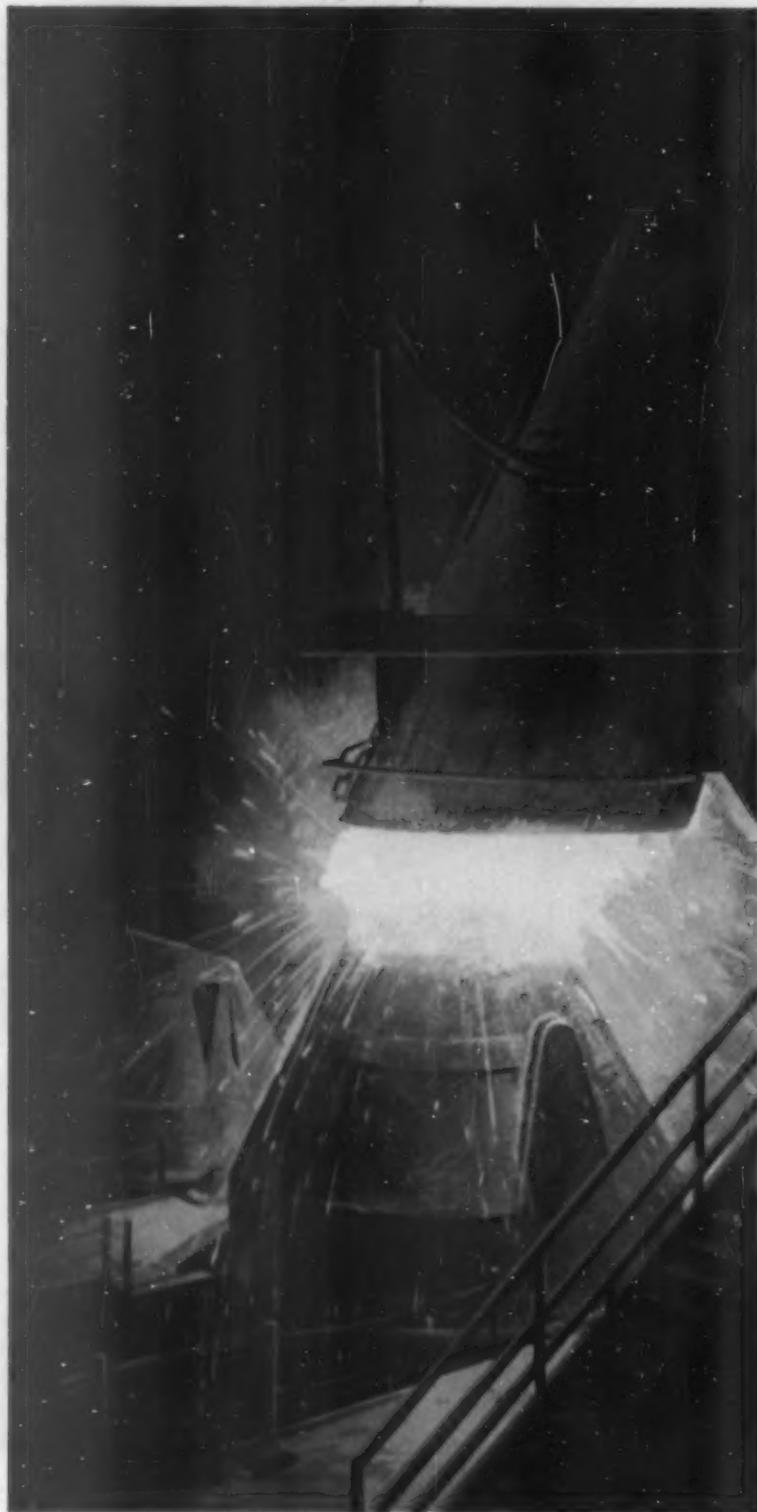


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We are now operating the first Oxygen Steel Process in the United States. This dramatic new method of refining is producing high quality steel with a low nitrogen content.

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largest and lushest golf plans for its employees. It has four courses, three in New York State—at Poughkeepsie (18 holes and a swimming pool), Endicott (27 holes and a pool), and Sands Point (9 holes)—and a subsidiary in Toronto owns an 18-hole course.

National Cash Register Co. completed a 36-hole course and a clubhouse last year in Dayton, Ohio.

#### IV. Shop Talk

To get the true flavor of the changes that are sweeping over golf, you must go to the pro shop and see what's happening down at the fairway level.

On a quick tour around pro shops in a few cities you find that:

- In Atlanta, golfing celebrities like Bobby Jones, Charlie Yates, Louise Suggs, and Dot Kirby have made this city a year-round golf hang-out. Atlanta has 12 courses, seven of them municipal, and on these you can play 18 holes for as little as 80¢.
- In Los Angeles, municipal golf will get a big push if a \$3.5-million bond issue for additional recreational facilities, including eight new golf courses, is approved by the voters. Today, the trend in Southern California is toward the short course. One syndicate is putting \$200,000 into a string of courses where every hole is a par three.

• In Philadelphia, industrial golf is booming. Insurance Co. of North America and Philadelphia Electric Co. maintain their own courses. In nearby Wilmington, Del., du Pont and Hercules Powder Co. have courses.

• In St. Louis, one of the few modern clubs built by private subscription—the Old Warson Country Club—has just opened. It cost members \$1.8-million to build. Initiation fees are \$3,600, and dues \$420 a year.

• In Washington, Ike's backyard, the President's golf has peped up local play. Six new courses now under construction will bring the area's total to 40. Three of the new courses are planned as low dues clubs, catering to the younger set.

• Out for \$1-Billion—Lots of new products are competing for the \$1-billion that golfers spend each year. Two-passenger golf buggies are taking over on many courses. Some 25 companies make the buggies, which cost around \$900 and rent for about \$9 a day.

Another gimmick comes from Air Equipment Co., Inc., Los Angeles. It's an electric cart just big enough to hold a golf bag.

These are just a few of the products in competition for that \$1-billion. But they give you the idea of how Americans' new and more expansive way of life is bringing prosperity to industries all around the lot.



## Cleaner air with less care

... REPORT MANY BUILDING MANAGERS

MANAGERS of large, modern office buildings are always concerned with the cost and work involved in maintaining their air conditioning systems at peak efficiency. Many have found a permanent, practical answer to this problem in PLIOTRON—the world's first truly washable electrostatic air filter.

PLIOTRON is super-efficient. Its special plastic filter medium actually attracts and captures up to five times as many fine particles as the ordinary, screen-type filter. And it depth-loads rather than surface-loads.

PLIOTRON is super-economical. When finally dirty, its original efficiency can be readily restored with a quick bath in cool water. It can be used over and over again—makes first cost the last cost.

PLIOTRON comes in a number of sizes to improve any forced-air heating or air conditioning system using standard filters. For cleaner air with less care, see your PLIOTRON Distributor. Or write:

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## PRODUCTION



There's a whiff of gasoline among the magnolias in the up-to-date cotton plantations of the Mississippi Delta. Typical of the new planter is J. Clarence Allen (left) who farms 2,600 acres with machinery and chemicals, and diversifies his crops. Allen says 15 tractor drivers can handle a cotton crop that would have needed 400 workers a generation ago. Today's land-owners are mostly the sons of yesterday's plantation managers.

## Engines Remake



all may not now be  
available to the nation  
and must submit to hard  
times and a long period  
of economic depression.

## Land of Cotton

(Story continues on page 98)



**DIVERSIFICATION** Planter Allen coppers his cotton bets with acreage in oats (above), barley, soybeans, cattle.



**MECHANIZATION** Crops dusting plane (left), and combine harvesting oats (above) help swell Allen's yield. He values all equipment at \$125,000.

Barber-Greene Asphalt Finisher lays new surfaces or resurfaces old pavement. Thousands of Barber-Greene Asphalt Finishers are raising the quality and reducing the cost of America's roads and streets.



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Here's a familiar sight wherever asphalt pavement is laid. It's a Barber-Greene Finisher, the unequalled way to pave anything from streets to highways to turnpikes . . . from airport runways to factory floors . . . from parking lots to tennis courts.

No other paver, no other method, will pave as permanently, as speedily or as economically as the Barber-

Greene. That's because this ingenious paving machine spreads the material evenly, compacts it to uniform density, and automatically levels, even over irregular bases.

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*"... the man who runs the plantation is a different kind of farmer from his predecessor . . ."*

STORY starts on p. 96

Along the Mississippi River from Memphis to Vicksburg is the flat shelf of the fertile, alluvial Delta. It's the land of the Delta planter, who collectively produce a tenth of the nation's cotton.

The typical Delta planter of today lives in a roomy air-conditioned house, and has at least one big car and many thousand dollars worth of mechanical equipment. He has Negro servants, and a few Negroes still work for him in the cotton fields.

But most of the Negroes come to work in the morning and leave at night; few live on the plantation. On the job, they drive tractors and mechanical cotton pickers, both of which were unknown in the Delta 25 years ago.

• **Exit the Negro**—Life is changing in many ways. Twenty-five years ago, the Negro farmed more Delta land than the white man. Today, the white man farms nearly three times as much land as the Negro. And today, only a dozen or so tenant families live on the plantation. In the old days, though the average plantation was smaller and the yield per acre was lower, there would have been up to 100 tenant families.

All through the Delta country, hundreds of dirty-brown, weather-beaten frame shacks stand empty. The Negro is gone, pulled off the plantation by the hope of a better life in town or in the North.

• **Machines Take Over**—He isn't missed, though. Those machines in the planter's barns can produce more than he could. A mechanical picker can pick 1,400 lb. of cotton an hour. A man or woman can pick only about 200 lb. a day.

Even the man who runs the plantation is a different kind of farmer from his predecessor of a generation before. He's much better off, because times are better and he is a better manager. Chiefly by using new chemical fertilizers—sometimes spread by airplane—he can produce twice as much cotton per acre.

To get that yield, he expects to pay \$10 in fertilizer for every bale of cotton produced, plus \$12 an acre for poisons to burn out the grass and weeds. With these wholly new costs, today's operator of a large plantation has to spend about \$100,000 a year just to be in business.

• **New Breed**—You can see the whole picture of change in the planter himself. There's still a bit of truth in the

## New Lantuck-NR

is the

**"top secret" in the  
'55 Dodge**



New Dodge Custom Royal Lancer V-8 features headlining, bolsters and door panels backed by Lantuck.

The beauty of the Dodge's new interior styling is no longer news.

But the fabric backing the vinyl material over the young lady's head is news — important news for industry.

It's one of the first uses of a completely new Lantuck non-woven backing fabric — Lantuck-NR. Designed from the start to reinforce vinyl film or coating, its random distribution of nylon and rayon fibers are bonded with a special agent for really remarkable strength and elasticity.

Lantuck-NR gives vinyl: 1. high tear strength; 2. outstanding stretch and recovery; 3. easier, neater tailoring; smooth, even surface — no clothiness; 4. good embossing surface; 5. durability and economy; 6. equal tensile strength, tear and stretch characteristics in all directions.

This Lantuck-NR backed vinyl headlining was supplied by Textileleather Division of General Tire and Rubber Co., under its own trade name, Nygen Tolex.

But that's not all. There's more to this interior story. Vinyl-quilted Lantuck was used in the bolsters and door panels of this Dodge and was supplied by National Automotive Fibres, Inc.

Our nearest sales office has full details on new Lantuck-NR as well as any other Lantuck fabric for a wide variety of vinyl coating, plastic laminating and other applications.

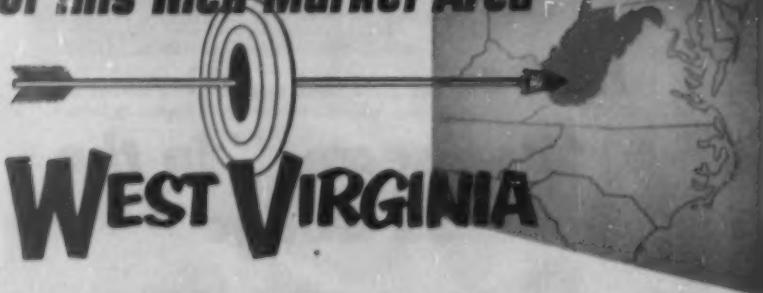
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Power—coal, natural gas, electricity—is  
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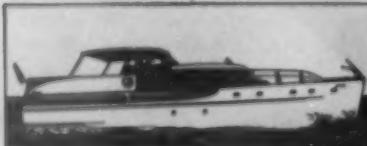
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*"... there's a Chevrolet to  
use around the plantation,  
a Cadillac in reserve . . ."*

STORY starts on p. 96

legend that made him a symbol of gracious Southern life: lord of an ancestral domain, mint juleps under the magnolias. But not much truth. Today's planter in all likelihood got his land by years of struggle, not by inheritance.

Mostly, the plantation owners of today are the sons of the managers of the previous generation. One such man is J. Clarence Allen (pictures, page 96). Allen already owns some 2,600 acres of Delta land, and has bought 1,000 adjoining acres that he will take over in December. His land lies near Indianola, Miss. (pop. 4,300), and about 25 miles from the Mississippi, that provider of the rich black soil.

Allen was born 48 years ago about 60 miles from Indianola. His father was a career plantation manager, whose last attempt to acquire some land of his own had been squelched by the depression. At 18, the son went to work as a plantation bookkeeper for the Wilson Banking Co., in Greenwood, which owned five plantations. Five years later, in 1930, the bank failed and Allen was sent to run one of the plantations. There wasn't any pay, but Allen and his wife were told they could have everything in the commissary—the canned goods supply for the tenants.

After three years, Allen began to rent the 768 acres. That same year, cotton prices shot from a nickel a pound to 12¢, with a shove from drastic acreage controls. With the profits of the 12¢ cotton, Allen bought a plantation of his own in 1936; two years later, he also bought the land he has been renting from the bank.

• **Rise in Life**—In those early days, the Allens lived in a four-room house without plumbing or electricity. The only crops were cotton, a little corn, and some hay for the 100 mules. Today, the Allens live in the same house, but it has blossomed to 12 rooms and has air conditioning. There's a Chevrolet to use around the plantation, and a Cadillac in reserve. The family now consists of Allen and his wife, plus a daughter, Betty—20 years old and a junior at Mississippi University—and a 24-year-old son Jack. The son, home from the Army last week, is slated to take over many of his father's responsibilities.

• **New Equipment**—In the plantation barns are 15 tractors, a bulldozer, and a land leveler, plus a line of four-row

LEADER FOR HALF A CENTURY IN THE SCIENCE OF TRANSPORTATION,  
FRUEHAUF CLIMAXES A PARADE OF NOTABLE PRODUCTS WITH THE . . .

*Matchless New*

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**The Extra Payload It Will Carry,  
For Extra Years, Is The Measure  
Of This Trailer's Worth To You!**

FRUEHAUF NOW combines the most durable Trailer material yet discovered with the highest-capacity, *practical* Trailer design yet discovered to give you the matchless new Stainless Steel Volume★Van — highest-capacity Van in the Fruehauf line.

The *extra payload* that you ship every time a Stainless Steel Volume★Van leaves your loading dock is the real measure, in terms of dollar savings, of this Trailer's value to you. The *extra years* of service it will provide because of its stainless steel construction is a bonus investment return.

Send the coupon below for free, detailed information without obligation. *Act now to save now in your business!*



#### Highest Volume★Van Capacity

With 94" of inside width, the Stainless Volume★Van exceeds the capacity of the standard Volume★Van, which hauls up to 35% more payload than average vans in use. 91"-wide rear doors.

#### Many Proven Features

The corrugated roof is the same successful one used on previous stainless models. Underconstructions and other parts are interchangeable with those of other Volume★Vans for greater economy.

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With stainless steel for corrosion-resistance and corrugated panels for strength, this unit has the longest life-expectancy of any Trailer built! Vital welds are all reinforced. Servicing is greatly simplified.

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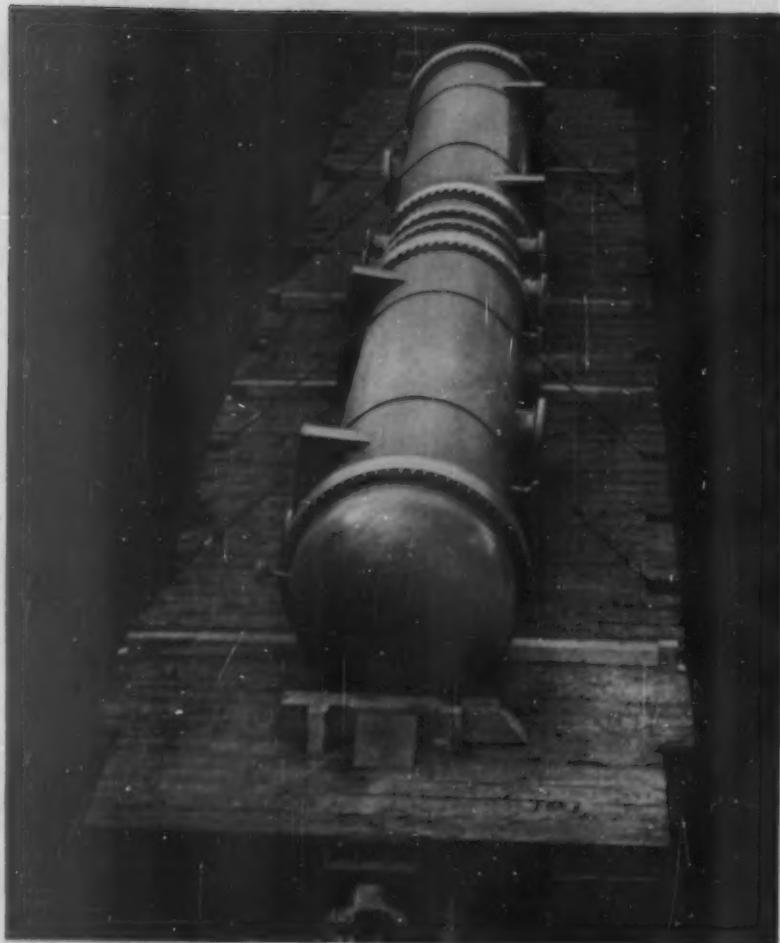
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Supersonic testing...centrifugal casting...stress-relieved welding of Ampco 8...are some of the advanced techniques specified by Downingtown engineers in designing these propane condensers for a petroleum refinery. Essential cost savings resulted, and the units are highly resistant to the severe corrosion encountered in this service.

Vital parts of these two 42" x 16' condensers were made of Ampco 8, because of its higher allowable design stresses at elevated temperatures. Downingtown engineers suggested centrifugal castings of Ampco 8 for the channels—specified supersonic testing to assure soundness of these castings. Other parts consisted of Ampco 8 weldments, heat-treated after welding to increase resistance to corrosion by relieving internal stresses set up during welding.

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CONTAINERS AND PRESSURE VESSELS FOR GASES, LIQUIDS AND SOLIDS



planting and cultivating equipment. Allen figures his machinery is worth \$125,000; but the original 100 mules are down to six, and even these are owned by the tenants.

In an average year, the land produces about 1,300 bales of cotton, from 1,000 acres. For diversification, 600 acres are in oats, 250 in soybeans, 130 in sorghum, and 100 in barley. Another 500 acres is used to pasture 400 head of cattle.

• **Government Help**—Allen takes no very bright view of controls set by Washington, but he likes price supports. "What we really need," he says, "is an export subsidy. It's only fair to give this to the farmers if the government is going to protect manufacturers with an import duty. But I don't believe in taxing the people to subsidize the farmer."

• **Ups and Downs**—Last year was a bad one for cotton; Allen's gross on this crop was \$111,000, which is \$50,000 below the 1950-1954 average. And cotton is about 90% of Allen's farm income.

In the past three years, drought has pushed down the acreage yield. Allen figures his 1954 yield was about two-thirds of a bale per acre, compared with a norm that runs up to a bale-and-a-half per acre. For the entire state of Mississippi, the 1954 cotton crop was 1.5-million bales, against more than 2-million bales the year before.

At that, cotton stands drought better than most crops. But it has to have subsoil moisture for the long haul. This year, Allen went deeper into the soil than usual in preparing for spring planting. Subsoiling devices, dragged behind the tractors, dug deep with steel teeth to break up the hard subsurface formed by three years of drought. He had done this before in very sandy areas, but this year he tried it on two-thirds of the entire cotton acreage.

• **Cattle**—Allen hasn't made much profit yet on the cattle operation he started 15 years ago. Mostly, he raises Angus, keeping the heifers and selling the steer calves. For pasturage, he uses whatever land has been barred from cotton by government controls. After four or five years of pasturage, he turns the lands back to cotton, and turns tired cotton land back to pasturage. He says old pasture land gives a double profit when it goes back to cotton.

• **Late Planter**—In the year's cycle at the plantation, January and February are quiet months. In March, plowing begins, and the land is prepared for planting, which Allen starts in late April. May is a month of cultivation, and of spraying—by air. In June, Allen harvests his oats and cultivates his cotton. In July, he stores the oats, and



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AJAX is the *foaming cleanser*. This foaming action cuts grease fast; other ingredients then leave a bright polish on porcelain, glass, metal, linoleum and many other surfaces. In short, Ajax polishes as it cleans.

This performance is the result of both physical and chemical action by and in the product. To insure this performance, Ajax is delivered in perfect condition—to the user. The outside canister lining produces a water-resistant barrier protecting the contents.

The Ajax canister is a fine example of special design, modern packaging methods and machinery, and top quality adhesives. We are proud of the fact that Arabol Adhesives were specified for this difficult assignment.

Arabol is proud to serve Colgate-Palmolive Company at their well-known Jersey City plant. We are similarly privileged to serve the leaders in a hundred industries—with specification adhesives for a thousand end uses.

Somewhere in your business you use adhesives. Somewhere near your place of business there is one of Arabol's twelve plants and warehouses ready to serve you.

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cultivates the cotton some more. By mid-August, some cotton is ready for hand-picking. Machine-picking begins in September, running on till mid-December.

In most of the South, the regular planting season starts after Mar. 1. Allen holds off for several weeks, though, to avoid one grass crop coming up in the fields. But he adds, "I'm at the gin when the others get there."

To fight off grass, Allen uses flame burners and chemicals. The flame burners are hooked onto tractors, and actually burn out the grass and weeds. Later, after the land has been seeded, Allen turns on chemicals, which kill off the pests before they break the surface.

Such grass and weeds as survive are attacked above ground with poisons sprayed on by planes and tractors. With this mechanized warfare, plus late planting, Allen can get by with only one hoeing.

Still another chemical, sprayed on by planes, causes the foliage to drop from the cotton plants. This helps the mechanical picker, which gets more cotton, less trash.

• **Progress**—Twenty years ago, Allen would have needed 400 workers and a lot more land to produce the amount of cotton that he gets today. Machinery and chemicals have made the difference; Allen says the entire work force he really needs today is 15 tractor drivers.

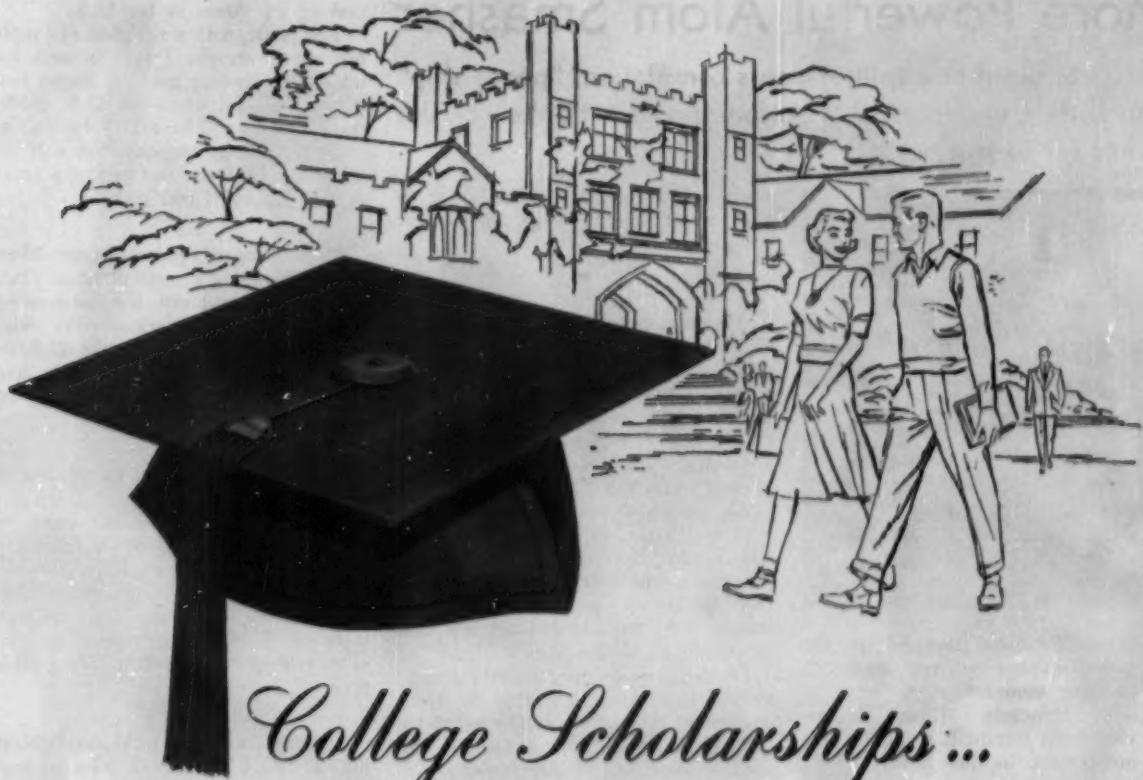
Actually, he still has about a quarter of his cotton hand-picked; this provides work for old hands who have been with him for years. Once they are gone, mechanical pickers will do the whole job. Allen points to one field to show the change. "In the old days," he says, "it would have taken eight men and eight mules a day to plant that field. Now, two men with a tractor can do it in a morning."

Allen's own life is much more leisurely than it used to be. He has two managers working for him, and finds time to serve as a director of the Planters Bank & Trust Co. in Indianola, and as president of the Sunflower Tractor Co., which distributes Ford tractors in Indianola.

For recreation, there's golf once or twice each weekend at the Indianola Country Club—"and sometimes I slip off during the week, too."

For the future, almost all Delta planters are searching for new crops, particularly because of the tight federal controls on cotton. Most have picked rice. Allen has chosen cattle. He says, "I think we may eventually be in the food business with this population increase."

Allen repeats a saying that's heard more and more frequently in the Delta these days: "Food instead of fiber."



## College Scholarships... FROM OIL AND GAS!

Since 1950, Lion Oil's Scholarship Fund  
Has Helped Tomorrow's Leaders in the South

We at Lion Oil believe that progressive business has an obligation to help the younger generation in building a brighter future for all.

In 1950, we established the Lion Oil Scholarship Fund for students and teachers who live in the area where the Sign of the Lion is a symbol of friendly service—in Arkansas, Tennessee, Mississippi and bordering areas of Texas, Missouri, Kentucky and Alabama.

Each school year, we offer a series of college scholarships and cash awards to the high school boys and girls who write winning essays in our Scholarship contests.

Similarly, the contribution which elementary and high school teachers make to young people is enhanced by separate Lion essay

contests which award these teachers scholarships leading to advanced degrees, cash travel grants, and other cash prizes.

Since its inception, the plan has had unqualified support and praise from leading educators throughout the South.

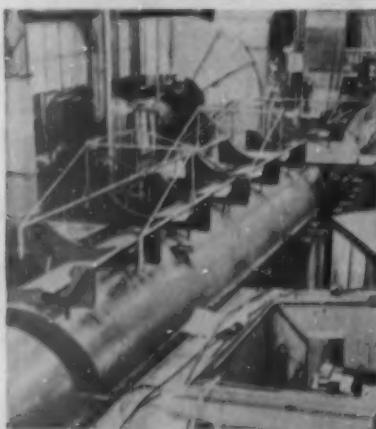
To date, hundreds of awards have been made, including many \$1,000 college scholarships for students and \$1,200 post-graduate scholarships for teachers; cash prizes to students and teachers, and cash awards to schools for the purchase of library books. The Lion Oil Scholarship Fund is evidence of our belief in the principle that business today has an *obligation* to help develop tomorrow's leaders.



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# More Powerful Atom Smasher

Straight line splitter nears completion; "peace ship" plan suffers a setback . . . Automation for banks . . . Jet planes for executives.



The world's most powerful straight line atom smasher (picture above) is now nearing completion at the University of Minnesota. "Linac" accelerates ions from standstill to about 60,000 mi. per sec. as they travel 100 ft. The machine is being constructed under an AEC contract, which totals more than \$1.8-million.

Also making news on the atomic front—but of a different sort—is the idea of building an atomic merchant ship. This project is having difficulty getting going. Pres. Eisenhower proposed building such a ship for carrying a display of peaceful uses of atomic energy around the world (BW—Apr. 30'55, p31). AEC followed the proposal up with a suggestion for a program for the "peace ship" that would stretch out over 24 to 30 months and cost \$21-million. The program was to be carried on separately from the AEC's research and development for naval ships.

But last week the Joint Congressional Atomic Energy Committee rejected the request for a separate "peace ship" program (BW—Jun. 18'55, p38). Instead the committee suggested AEC confine itself to its current activities, and apply the knowhow gained from them to a commercial ship at a later time.

As part of the research now under way, however, the committee approved \$25-million to build a landlocked prototype of a nuclear reactor to power surface naval vessels (BW—Jun. 11'55, p88).

Meanwhile, in New York, the maritime industry got a warning from G. J. Minetti of the Federal Maritime Board, who told the Maritime Association of the Port of New York that dreams of

push-button A-ships shouldn't get in the way of current vessel replacement programs.

Automation for banks (BW—Apr. 16 '55, p118) and offices is beginning to catch on. Last week, Burroughs Corp. demonstrated a prototype electronic device that "reads" uncoded travelers checks and feeds the information to an automatic card punch that turns out properly punched cards for each check.

The machine, now in use in the First National City Bank of New York, can handle close to 7,200 cards an hour, or about eight times as many as was previously possible, says Burroughs. At the same time, it's said to cut errors to less than 0.1%.

Burroughs describes its new machine as the first workable piece of bank equipment to take information directly from a source document without the need of some sort of intermediate coding operation.

The machine accepts bundles of travelers checks, feeds them into a scanning mechanism that "reads" the serial number on the check's upper right hand corner. A separate punching unit gets the information, number by number, stores it, then punches its cards completely with only two movements. Burroughs says the unit is the fastest card punch yet designed.

Burroughs explains that its electronic machine is only a prototype. Right now, it's strictly a custom job, because the reading unit's recognition system is so delicate it has to be specially designed for each different kind of check it reads. The unit now in use at First National, for instance, can handle only First National travelers checks.

A test center for large motors and generators was dedicated this week by General Electric Co. at Schenectady. The company says the \$1-million center will make possible more accurate tests on large equipment under simulated load conditions. Before, such tests had to be made in the customer's plant.

For \$300,000 any executive soon may be able to have a jet for his personal use. That's the approximate price he would pay for one if Beech Aircraft Corp. reaches agreement with the

French firm of Morane Saulnier for making jet planes in the U.S.

The plane, with a reported 410 mph. top speed, weighs 7,480 lb. and has retractable landing gear. It carries four people. If and when the U.S. model comes out, it will have U.S.-built Continental turbojet engines that will lift it up to 35,000 ft. and give it a range of a little over 1,000 miles.

More "super" polyethylene: Monsanto is building a small plant in Texas City, Tex., to get into the fast-growing superpolyethylene business (BW—May 14'55, p48). Companies already in: Bakelite, Koppers, Phillips Chemicals, and du Pont. Monsanto's plant will be on stream by fall.

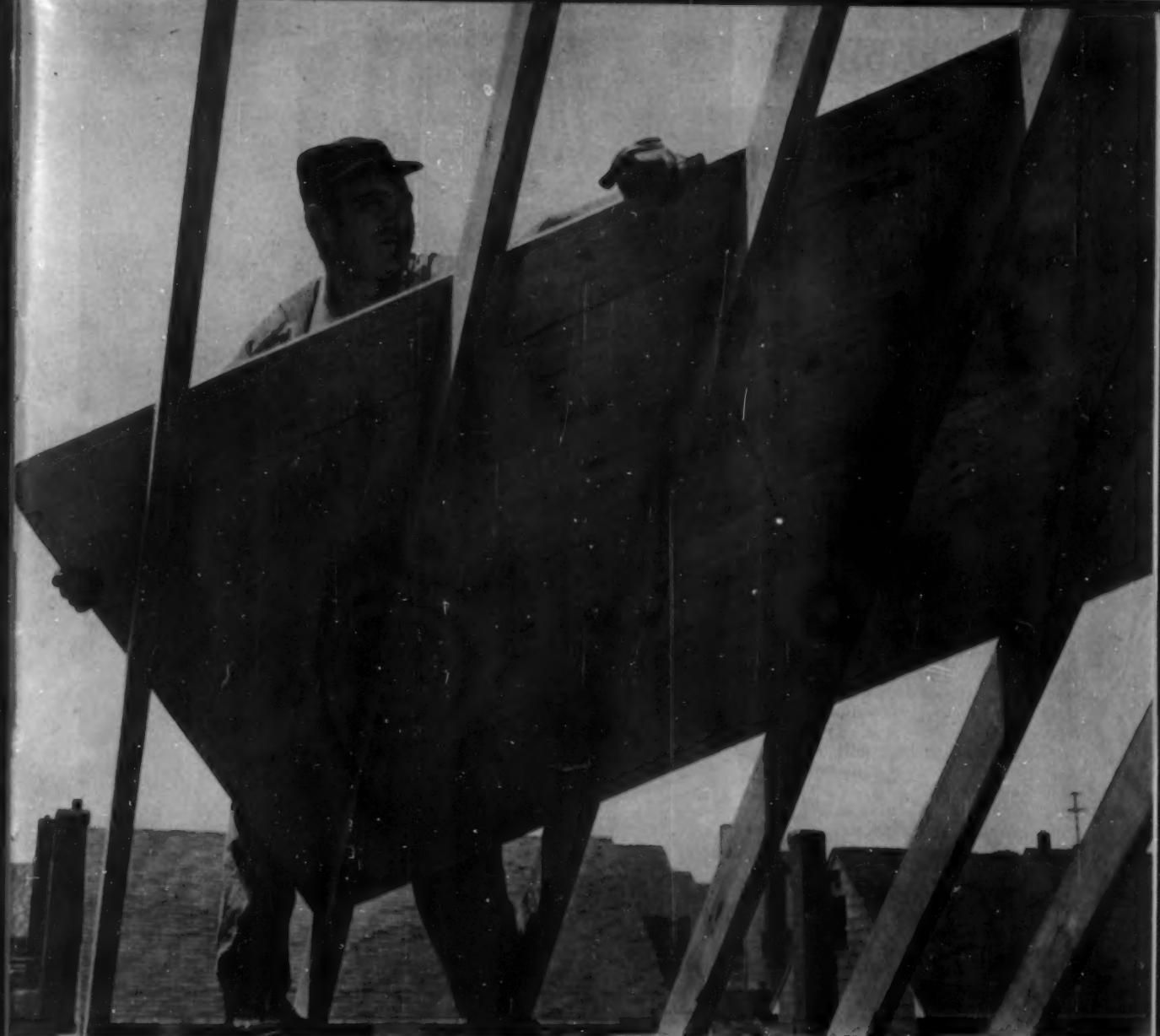
A new jet fuel, said to be the first to meet critical demands of supersonic aircraft, was announced last week by Socony Mobil Research & Development Laboratories, Paulsboro, N. J. Socony says the fuel retains its stability for relatively long periods at temperatures of 500F, something that conventional jet fuels have not been able to do.

Automation comes to Harvard: Next fall, Harvard Univ. will offer a one-year course—called control system engineering—to graduate students who want to study the technique of setting one machine to control a system of others.

New fields for Du Mont: Allen B. Du Mont Laboratories, Inc., said last week that it was adding two new consumer product lines: hi-fi phonographs and radios (standard and clock types). Details will be announced later in the summer.

Forest fires on TV: Instead of forest rangers on the highest mountain peaks, Raytheon Mfg. Co. says conservation groups can now use TV cameras, with a central monitor system at forestry headquarters. The company has developed a network that operates by microwave. From headquarters, one ranger can keep an eye on several areas.

Skip the turboprop: United Air Lines said last week that it might buy a jet airliner before it buys a turboprop. United Pres. W. A. Patterson said he would prefer a turboprop first, but that his engineers are not convinced that anybody has yet developed a proven engine for such a plane. Says Patterson, "We have in this country today the greatest jet engine in the world, the J-57, which is manufactured by Pratt & Whitney." (Pratt & Whitney is a division of United Aircraft Corp.)



## On the beam for plywood

Unknown fifty years ago, the Plywood Industry now helps house America from basement to roof. Here's the story and the part commercial banks played in it.

Half a century ago plywood's light was literally hidden under a basket.

The story begins at the Lewis and Clark World's Fair in Portland, Oregon. The year was 1905. And for the first time fair-goers saw American-made Douglas fir plywood—humbly fashioned into fruit baskets!

Hardly anyone who looked at the new-fangled product foresaw its future. But a handful of imaginative lumbermen did. And to help develop our modern plywood industry they turned to banks.

### Timber!

Today bank loans provide cash for selling and transporting trees. Bank loans help pay for machinery to peel giant logs down to supple veneers, and to cross-bond them into incredibly strong plywood panels. And on the retail side, bank loans frequently help local merchants stock everything from rugged exterior plywood to artistic interior panels.

### Prosperity Across the Board

The results you can see everywhere about you...quicker construction, more varied beauty in homes and offices, greater strength and versatility wherever wood is used.

Bank help to the plywood industry affects all of our people, because money put

to work by commercial banks results in more jobs for men and women. This in turn means more production, and a higher standard of living for all of us.

The Chase Manhattan Bank of New York, a leader in loans to American industry, is proud of banking's contribution to the plywood industry and to the continuing progress of our country.

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## NEW PRODUCTS

### Intelligent Machines

#### Carve Jet Wings

Two new machines are turning out jet wing sections from solid sheets of aluminum. Automatically controlled, they go through a whole operation, cutting away metal, leaving a thin "skin" with built-in ribs.

One of the machines, built by Giddings & Lewis Machine Tool Co. (top photo), has an automatic control system that can handle many different jobs. The other, a Simmons Machine Tool Corp. product (center photo), is more specialized, but it does its job in a hurry. Turning out two wing panels at a time, the Simmons machine is said to do in three hours a job that used to take 60.

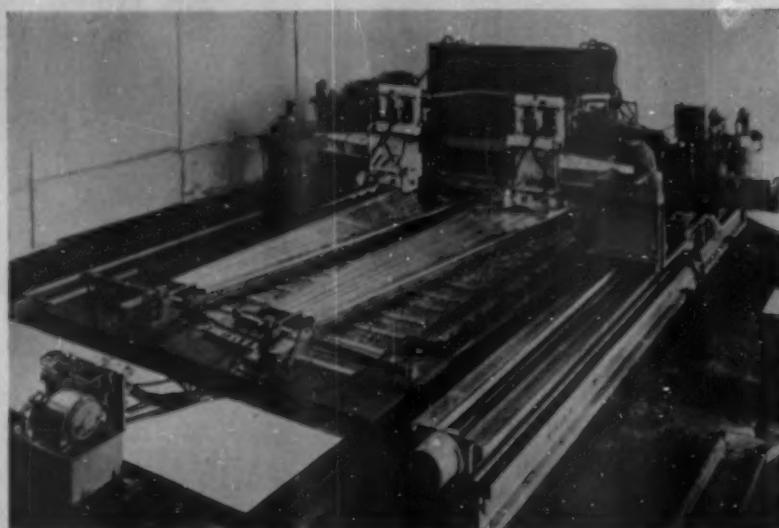
Heart of the Giddings & Lewis operation is the Numericord System, which G&L says is the first of its kind ever put on the market. A paper tape is prepared from engineers' plans and figures. The tape carries information on when, where, and how deeply the machine should cut. It is fed into a computer that transforms this information into electrical impulses, records them on magnetic tape. When it's run through a playback unit, the tape can control the machining operation completely.

The Simmons machine is run by a combination electro-mechanical control system: a rotating electrical switch and specially notched bars that have to be custom tailored to each individual job.

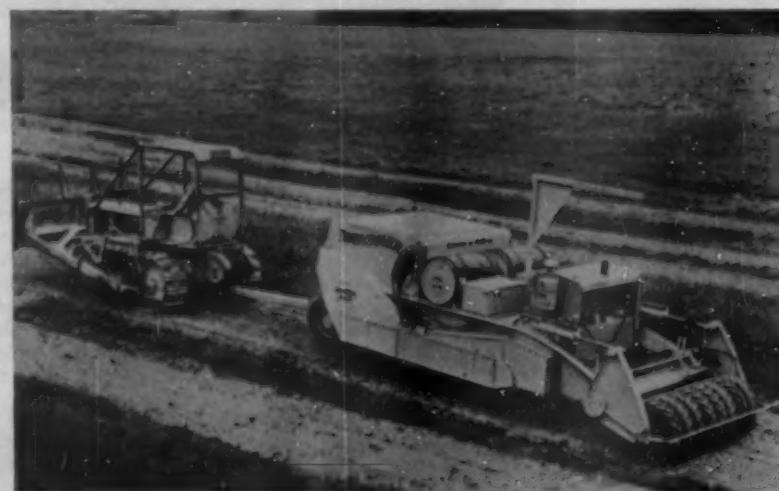
• Source: Giddings & Lewis Machine Tool Co., Fond du Lac, Wis. Simmons Machine Tool Corp., North Broadway, Albany 1, N. Y.



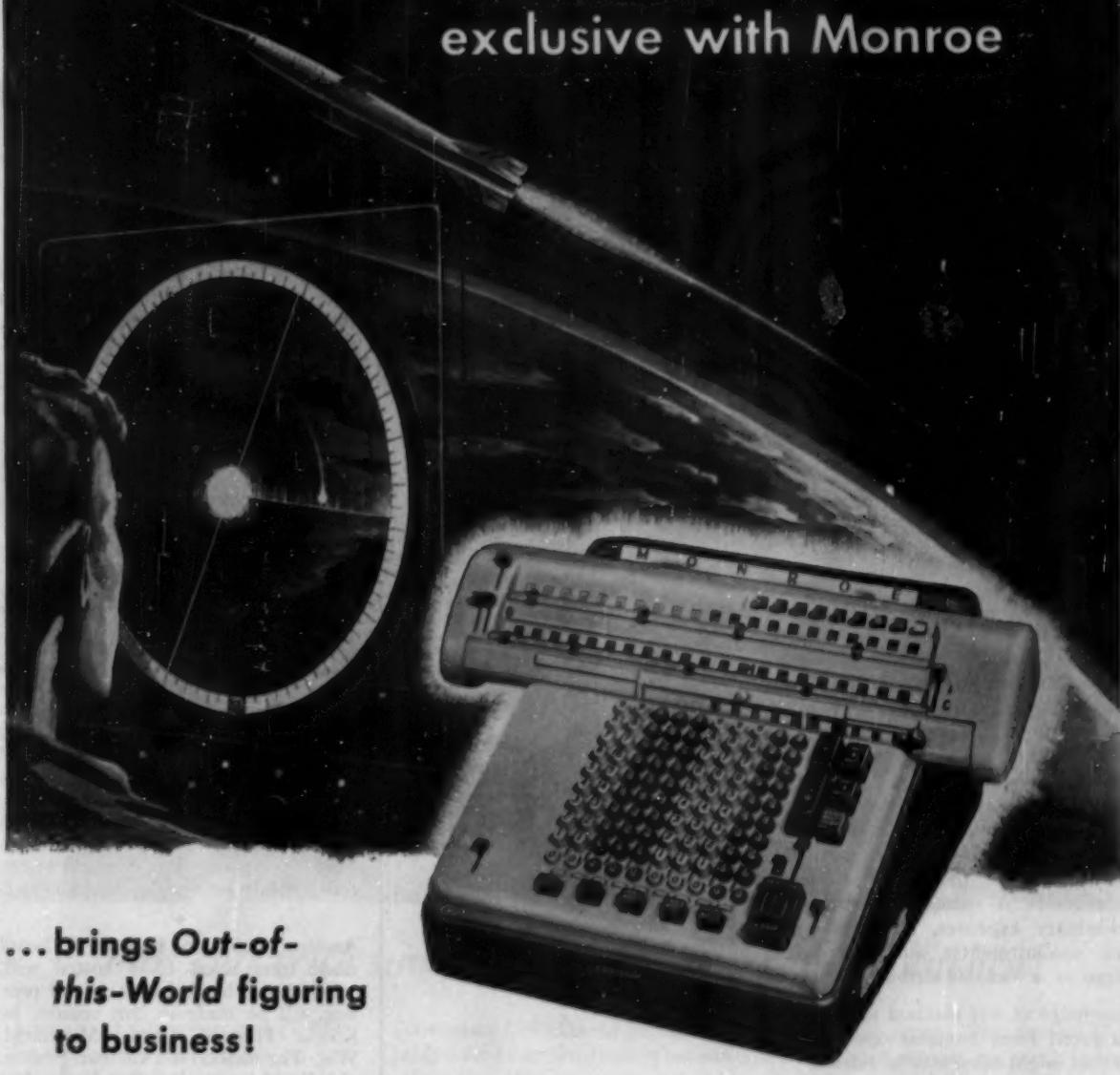
MAGNETIC TAPE runs this machine, telling it what to do through every step of a complicated operation that forms ribbed wing sections from sheets of solid metal.



ROTATING SWITCH and notched metal guide bars are features of a second automatic machine. This system makes it possible to turn out wing panels two at a time.



HARD-WORKING MACHINE uses whirling hammers to do five farm operations at once—plowing, harrowing, spreading fertilizer and weed killer.



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to adjust the machine's speed, depth of cut, and its spreading and mixing operations. Wonsover doesn't have its own seeder, but comes with a modification kit that will adapt other seeders for use.

• Source: Norton Portland Corp., Portland, Me.

## Putting on the Brakes Without a Brake Pedal

Soon you may be able to discard your brake pedal and stop your car faster without it. The Automatic Brake Div. of Hemphill, Inc., is about to market an automatic braking system for autos that ties in with the accelerator pedal, eliminating the brake pedal. With this system installed, the first  $\frac{1}{2}$ -in. that your accelerator pedal travels actuates a device that puts on the brakes. If you press beyond that, you get into a neutral zone ( $\frac{1}{2}$ -in.), finally reach the acceleration zone. Since reaction time (the time it takes you to decide to stop, take your foot off the accelerator and put it on the brake) is important in stopping time, the company believes that its device may cut stopping distances by as much as 60%. The cost is about \$120.

• Source: Automatic Brake Div., Hemphill, Inc., Gowanda, N. Y.

## NEW PRODUCTS BRIEFS

An engine that runs continuously is being made by Minneapolis-Moline Co., Box 1050, Minneapolis. Called the MM Timeline 168, the engine has no radiator, water pump, fan or fan belt, replaces them all with a cast aluminum cooling unit built into the flywheel. MM says the engine is designed to run continuously for a year without service.

Another European import: A board made from wood chips coated with adhesive and bonded by heat and pressure will be made in this country by Roddis Plywood Corp., Marshfield, Wis. The method is a German process, and Roddis says that this is the first time it will be used in the U. S. The board is said to have good non-warp characteristics, and to machine well. It could be used in cabinet making and furniture.

Machine-sorter for checks, bills, tickets is being marketed by Underwood Corp., 1 Park Ave., New York 16. The electronic machine, Rapid-Sort, accepts papers and files them neatly in the right cubbyholes in accordance with an operator's typed instructions.



... chemicals  
at work!

## *This cute trick saves 80 million hours in the kitchen!*

America's women are on the ball. With families to take care of, jobs to hold down, and countless new activities bidding for their time, America's homemakers have welcomed new ideas for cutting kitchen time.

Far from being neglected, America's families are eating better than ever. Many a homemaker, for example, without risking the failure of a self-prepared cake, has used the new ready-mixes with assurance of success. So much so that last year's sales are estimated as high as 20 million cases at a retail volume of \$170 million — an increase of almost

700% since 1947! On the average, each ready-mixed cake saved at least ten minutes, saving Mrs. America a total of 80 million hours in the kitchen last year.

This is another instance where a Columbia-Southern product works unseen. As a leading producer of bicarbonate of soda, Columbia-Southern is a prime supplier to the cake mix industry.

### *Why Bicarbonate of Soda?*

Bicarbonate of soda is responsible for lightness and fluffiness in baked goods.

The "bicarb," which is a mild alkali, reacts with a mild acid in the mix when

moisture is present. The reaction liberates carbon dioxide gas, which forms millions of tiny bubbles in the batter, causing it to raise. These little bubbles determine the lightness, smoothness, and texture of the finished cake.

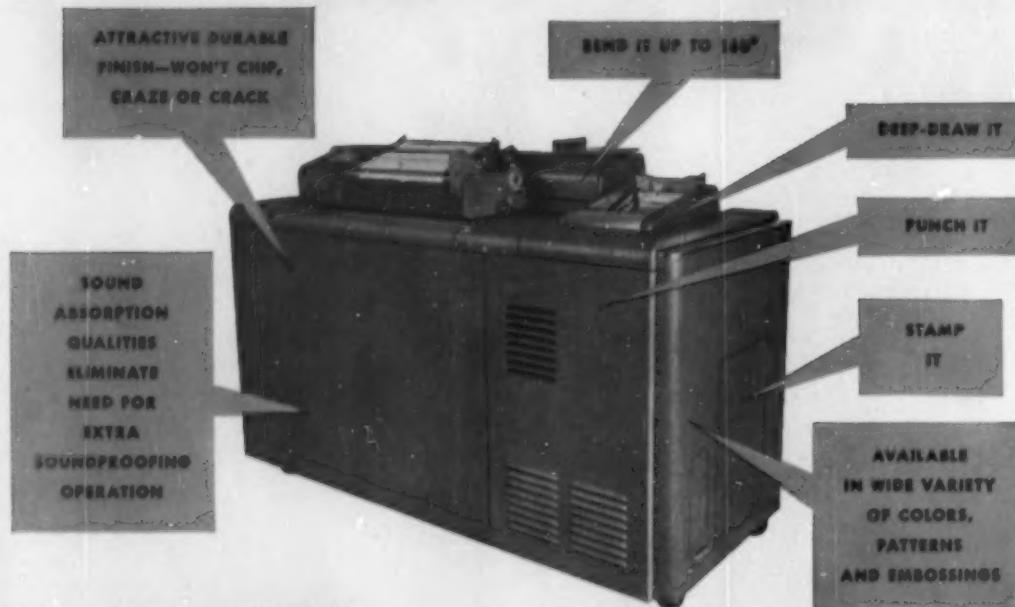
### **COLUMBIA-SOUTHERN CHEMICAL CORPORATION**

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# Sulvyne-Clad Metal Laminate Chosen by IBM for Improved Appearance and Virtually Indestructible Finish



The IBM type 407 Accounting Machine, one of the many IBM machines now covered with Sulvyne-Clad, illustrates several production advantages of this new pre-finished material.

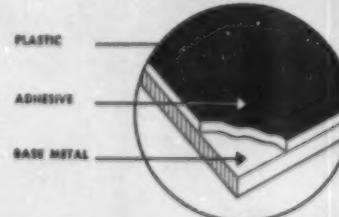
**S**ULLVYNE-CLAD is a pre-finished sheet made to your specifications with smooth or embossed vinyl sheeting laminated on steel, aluminum or magnesium. Sizes up to 52" x 120".

Sulvyne-Clad is completely flexible, ready for your production line. Process it with your standard tools. Stamp it, punch it, crimp it, deep-draw it, or bend it 180° without damaging the vinyl or breaking the bond.

No special dies or drawing compounds are necessary. Bond strength will vary according to the metal used and the thickness of the vinyl—the average is 35 lbs. per inch.

Sulvyne-Clad slashes service costs; gives you a finish many times thicker than any conventional coating—.012" to .030". It has positive resistance to abrasion and corrosion; won't chip, crack or craze; far superior to ordinary paint, lacquer or enamel.

*Actual photograph of Sulvyne-Clad sheets in Blonde Mahogany and Buffalo Grain, Coffee Brown.*



*Samples free on request.*

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## Echo Park Dam Fades

House group cuts out funds . . . Parking credit for Memphis shoppers . . . Emergency traffic control . . . Texas tax boosts hit beer hardest.

**WASHINGTON**—Colorado's much-fought-over Echo Park Dam fell by the wayside last week in a House Interior subcommittee.

The dam, long a storm center in plans to store the waters of the Upper Colorado Basin (BW—Feb. 12 '55, p56), was among the missing in a trimmed down \$760-million basin bill that cleared the subcommittee by an 18-to-6 vote. Earlier, the Senate had beaten down objections to Echo Park and had passed a \$1.1-billion authorization for the Colorado project that included it as one of six big dams to be built.

Rep. Wayne N. Aspinall (D-Colo.), head of the House subcommittee, said the bill, which called for only three dams, was not all he hoped for. But he felt "it is all we possibly can hope to get through the House."

Echo Park Dam, which has been attacked by conservationists since the Upper Colorado Plan was first proposed in 1950, would be built in Dinosaur National Monument in western Colorado. Early this year, the Administration asked Congress to authorize both Echo Park and Glen Canyon Dam in Arizona, along with 11 participating projects, to get the plan going. The Senate, in a more ambitious mood, added four storage dams that are part of the Bureau of Reclamation's over-all basin proposals. Only three of the six survived in the House subcommittee—Glen Canyon, Flaming Gorge in Utah, and Navajo in New Mexico. A fourth dam, Curecanti in Colorado, is in the bill, but its construction would be held up pending further reports.

**MEMPHIS**—A new downtown parking plan goes into effect this week, and businessmen here say Memphis is the biggest city so far to try it.

The plan, backed by more than 150 downtown merchants, restaurants, physicians, dentists, and others, gives free parking to customers and patients. When a shopper buys something from a participating store, the store sticks one or more stamps on his parking claim ticket. Each stamp validates the ticket for one hour's parking, and each one costs the store 17½¢. By buying enough, a shopper can accumulate

enough stamps to free-park all day.

All downtown parking lots and garages are cooperating in the plan, except for one garage owned by a department store.



**MAYWOOD, ILL.**—New antenna-equipped traffic lights have proved they can make even an antenna-equipped spaceman stop and stare (picture).

The stop-light antennas are part of Maywood's new emergency traffic-control system, the first of its kind to be installed anywhere in the U.S. Built by Electronic Protection, Inc., of Chicago, the system makes it possible for police cars or fire trucks to clear a path by turning traffic lights red in all four directions as they approach an intersection.

Maywood, which is a Chicago suburb, has installed the control setup at 12 intersections and has put radio transmitters into its ambulance, police cars, and fire trucks. By transmitting a signal to the lights, a squad-car driver can start intersection signals to change while he is still as much as four blocks away. If two squad cars are approaching the same intersection, the north-south car not only turns lights in its path red, but sets them flashing yellow, too. That way the east-west car knows what's coming and can yield the right-of-way.

So far, Maywood thinks the system

has worked well, but it feels a lot of public education is still needed. People are still reporting that lights are out of order when the controls are working. Other cities have similar setups, but they use underground cables with controls at a central point. Last week, however, Los Angeles was trying out a radio system, much like Maywood's, developed by North American Aviation.

**AUSTIN**—Texas taxes are going up this fall, and the hike on a barrel of beer will amount to 115%.

To meet a jump of \$116-million in state spending over the next two years, the legislature raised the levies on: (1) gasoline by 1¢ a gal., to 5¢; (2) cigarettes by 1¢ a pack, to 5¢; (3) beer by \$2.30 a barrel, to \$4.30; and (4) corporate franchises by 25¢ per \$1,000 of capitalization, to \$2.25. The hikes take effect in September and, all told, will add about \$50-million a year to state coffers.

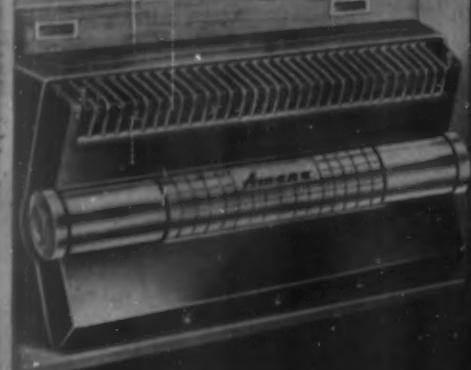
**MORAN, WYO.**—Jackson Hole Lodge opened for business last week, marking a victory for the Rockefellers in a controversy more than 30 years old.

The lodge, built at a cost of more than \$5.3-million, is near the shore of Jackson Lake in Grand Teton National Park in northwest Wyoming. Its owner is a subsidiary of Jackson Hole Preserve, Inc., a nonprofit organization set up by John D. Rockefeller, Jr., and headed today by his son, Laurance S. Rockefeller.

The older Rockefeller first became interested in the Tetons—and in saving and restoring their natural beauty—when he traveled through the area in the early 1920's. Initially, he began buying up land around Jackson Hole to beat back the spread of taverns and gambling palaces that threatened to make a commercialized strip out of the highway running north to Yellowstone Park. Over the years, he kept adding to his holdings, with the idea of preserving them as a tourist center, until he had put together a package of close to 33,000 acres. In 1949, Rockefeller deeded this land to the Secretary of the Interior, and in 1950 Congress made it part of an expanded Grand Teton National Park.

The trouble was that much of this went down the wrong way with local residents. Cattlemen groused about the gradual shrinkage of grazing areas as ranch after ranch was bought up; people worried about "eastern money," more federal encroachment, loss of tax

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revenue, and competition for the tourist trade in the town of Jackson. Over the years, there were several Congressional hearings and investigations, and, periodically, as new land deals came along, Jackson County would flare up ready to do battle again.

Some of this opposition still lingers today. But faced with the accomplished fact—the enlarged park and the new tourist lodge—much of it has melted away. The government is paying the county \$20,000 a year over the next 20 years to make up for the land taken off the tax rolls, and so far, new tourist facilities in the park have meant more trade, not less, for Jackson.

Whether the new lodge will change that remains to be seen. Counting the 256 guest houses around it, it will be able to handle more than 1,000 persons at a time. Rates will run from \$10 to \$12 a night.

•  
**BOULDER CITY, NEV.**—Hoover Dam's power output will be cut back by at least 35% in the year starting July 1.

The slash, announced at a meeting last week between Bureau of Reclamation officials and executives of distribution agencies in Arizona, California, and Nevada, is the direct result of drought and low water on the Colorado River. The power cut is the first general one since the dam began producing electricity; officials have called the waterhead the lowest in its history.

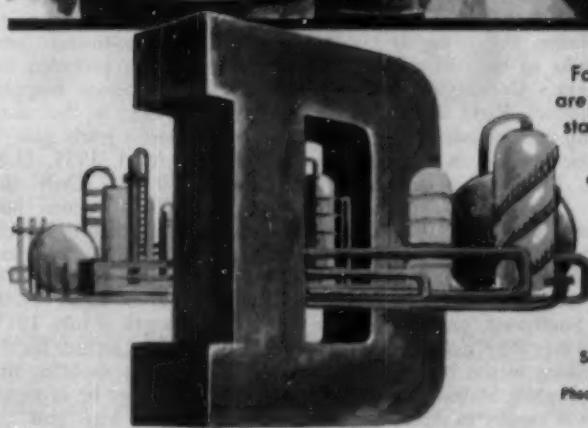
Nevada, which has a serious shortage of winter-time power, is reportedly the hardest hit of the states in the cut. The Arizona Power Authority figures to lose an estimated 340-million kwh. over the year, but expects to make it up with bigger purchases of steam-generated power from within the state. Meanwhile, the authority has ordered an investigation into the feasibility of building a state steam-generating plant against the possibility that Hoover Dam output might be cut off altogether.

•  
**WASHINGTON**—A proposed \$100-million project announced last week has revived hopes for redeveloping part of the Foggy Bottom area.

The project, called Potomac Plaza, calls for an apartment-office center on 10 acres of land near the Rock Creek & Potomac Parkway. American Securities Corp., which will finance the development, bought the land for a reported \$3.5-million to \$4-million from Washington Light Co. Its initial plans are for three buildings, and it hopes to get under way on one of them—a cooperative apartment—some time this summer.

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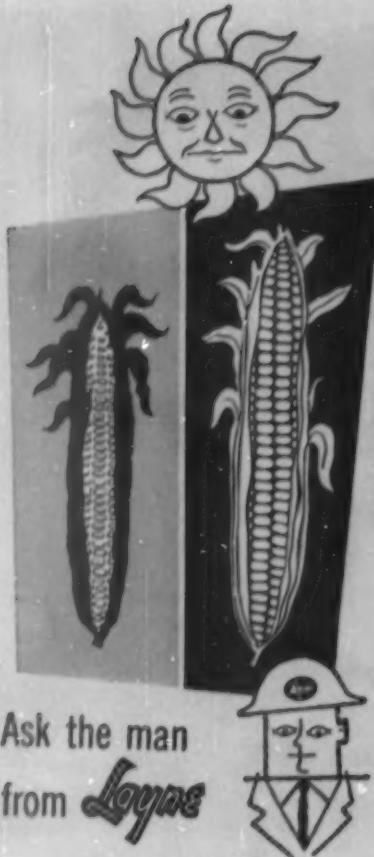
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## The Income Pattern: Business Week's Regional Income Indexes

### U. S. Incomes: Up 3.9% From Last Year



Federal Reserve District	% change vs. year ago	The Indexes		
		April 1955	March 1955	April 1954
1. Boston	+1.1%	255.5	257.9	252.8
2. New York	-1.2%	265.7	274.1	269.0
3. Philadelphia	+0.2%	271.0	267.4	270.4
4. Cleveland	+6.4%	302.5	299.1	284.3
5. Richmond	+5.1%	331.6	329.0	315.4
6. Atlanta	+9.8%	395.0	388.0	359.9
7. Chicago	+5.0%	319.7	314.3	304.5
8. St. Louis	+1.5%	305.0	302.4	300.4
9. Minneapolis	+1.4%	327.0	325.1	322.5
10. Kansas City	+4.5%	388.4	384.5	371.7
11. Dallas	+7.4%	439.3	434.7	408.9
12. San Francisco	+6.7%	350.8	349.3	328.9
Nation	+3.9%	316.4	315.4	304.5

1947 = 100; adjusted for seasonal. April figures preliminary;  
March revised.

©BUSINESS WEEK

## The Fifth Peak in a Row

U.S. incomes climbed to a new peak in April, 1955, running the string of consecutive new highs to five, according to BUSINESS WEEK's Composite of Regional Income Indexes. Eight of the 12 regions chalked up new records. Still slumping below their peak levels were Boston, New York, Philadelphia, and Cleveland.

The nation's income for April, 1955, showed a gain of 3.9% over April, 1954. Outstanding increases over last April's level were scored by regions in the South, the Southwest, and the West. Poorest showings were made by the three regions taking in the Northeastern and Middle Eastern States.

Interestingly, it was exactly in April,

1954, that U.S. incomes began to show losses in the year-to-year comparisons. That situation prevailed for six months. Then incomes snapped back, and April, 1955, is the sixth month in a row to post a yearly gain.

From March to April, 1955, U.S. incomes increased 0.3%. Only the Boston and New York regions had smaller incomes in April than in March. All the other regions made gains, but they were small—not more than 1.8%.

April, 1955, incomes stand 2.0% above the standout month of July, 1953, which held the income record for 16 months. In the coming months, further income increases may be expected as business continues in high gear.

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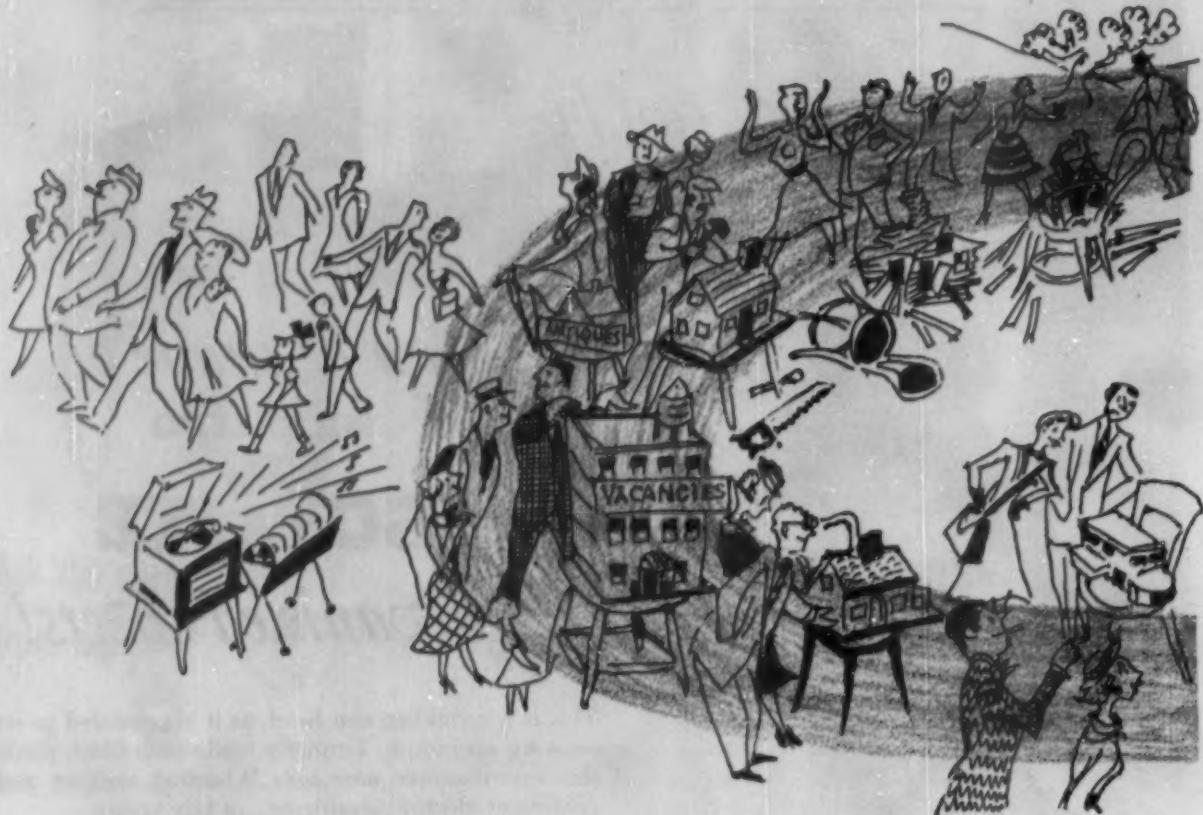
That's SOFTITE, Wheeling SOFTITE, made by the company that led with the development of COP-R-LOY, the original copper-bearing steel pipe, then perfected DUCTILLITE, the original cold reduced tin plate which revolutionized the tin plate industry, and opened new fields to the can maker and packer. Because of the unprecedented demand for SOFTITE Galvanized Sheets, Wheeling has been forced to triple its production facilities in 1955.



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## THE HOUSING MARKET

# The Game of Musical Chairs

This will be the seventh year in a row when housing starts have topped a million. How long can this go on?

An attempt to find out requires an analysis of that complicated phenomenon, the U.S. housing market—a market that is working now like a crazy game of musical chairs in which the music never stops, though everybody keeps expecting it to. It's a game that the residents of Alice's Wonderland might have enjoyed, because the number of players keeps increasing instead of decreasing, and somebody pushes in new chairs faster than you pull away old ones. Some chairs never get sat in, while people battle to grab others.

Many people worry about the housing situation these days. They fear that new chairs are being shoved into the game faster than the number of players is increasing. Worriers point out that for the next few years the rate of household formation will be down to about

600,000 a year. Housing starts are now running at an annual rate of about 1.4-million. Can we, the worriers ask, go on building at a rate more than double that of household formation?

### I. Deciding Factors

That question, like the famous one about whether you have stopped beating your wife, contains a hidden premise. The housing question assumes that the rate of household formation is the basic determinant of housing construction. This isn't necessarily so.

Players start marching in housing's game of musical chairs for many reasons, not just because they "formed a household." In fact, some formed their households years ago; others won't form a household until they find a house to hold it. Some join the parade when they get more income, or when they get a baby or three, or when they get fed up

with the city or what's happening to the old neighborhood, or when the head of the family changes jobs.

• **Income**—In most cases, the chief operative factor is probably getting more income. It's almost axiomatic that when an American family gets more income, it wants a better place to live. U.S. family incomes are rising and leveling up (BW—May 28 '55, p 134). Increasing numbers of Americans who would once have expected to spend their lives in rented homes or apartments now find themselves able to demand a house of their own.

Families with incomes of \$4,000 or more make up the bulk of the demand for new housing. An economic consultant of Washington, D. C., who specializes in housing, Robinson Newcomb has studied what has been happening and what's likely to happen to the households in the over-\$4,000 class. In 1950-55, he figures, the yearly in-



## Can Keep Going On and On

crease for all households was only 820,000, yet for households with incomes over \$4,000 it was 2,020,000. Most of the gain obviously comes from the upgrading of lower income families.

For 1955-60, Newcomb estimates that—if the U. S. economy and population continue their present rate of growth—families with incomes over \$4,000 will increase by 1,360,000 a year though total households will increase by only 620,000 yearly. In 1960-65 he figures that the annual rate of increase of families in the market for new housing will be 1,460,000.

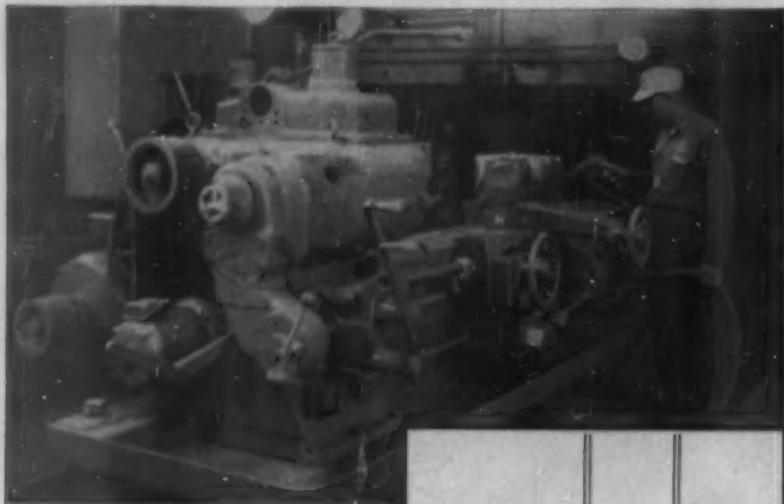
• **No Floor, No Ceiling**—Newcomb's estimates can't of course be regarded as conclusive. If the business cycle swung downward, future demand for housing might be considerably lower. On the other hand, even so important a factor as the increase in upper-income families can't be taken as defining the upper limit of future housing demand.

• **On the Move**—America is a country of people on the move—now more than ever. They move from one part of the country to another, from farm to city, from city to suburbs, from street to street. Every year, about 30-million Americans (9-million families) move—two-thirds within the same county, one-sixth to a different county, one-sixth to another state.

The reason for all this moving goes much beyond simple economics. As Abrams has put it in his new book, *Forbidden Neighbors*, the housing problem in America is this: "Not enough housing and not the right kind; bad housing or no housing at all; houses too large or too small; the damp wall or vermin; the endless trek to and from work, school, or grocery; the four flights of stairs, or the desperate need to get one's mother-in-law a separate flat; the unbearable rent, or the exodus of an industry that leaves you

jobless; the strange-looking neighbors or the hostile ones; inability to pay the tax bill or the case-hardened mortgagee; uncertainty of tenancy, or the hazards of ownership; the company landlord who thinks you're a troublemaker, or your tenant downstairs to whom all landlords are anathema; absence of children your daughter's age, or the bad climate for your asthma; the quest for privacy, or the child that died on the highway; the tensions, weariness, monotony, boredom; the smoke, soot, smog; the traffic; crime and delinquency; the longing for trees, room, play space, or change of scene; the noise, smell, heat, or darkness."

These may be reasons for moving. Whether or not the desire to move gets translated into new construction depends on other factors: the availability of suitable houses into which to move, the availability of land on which to build, racial barriers against moving,



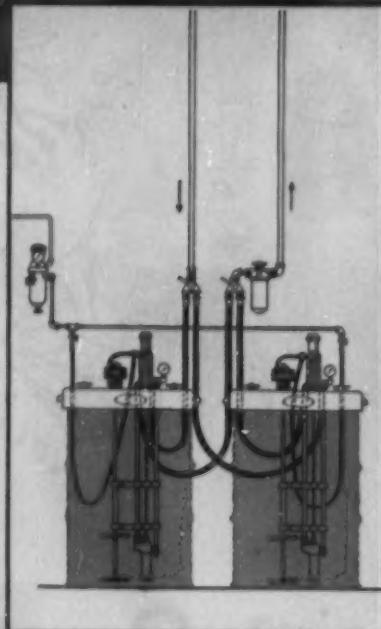
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the existing level of rents, the level of building costs and interest rates, the availability of mortgage money.

### II. Pent-Up Demand

It is clear that the demand for better housing in America—much of which is bottled up—is almost incalculable. What, for instance, would these developments do to the demand for new housing?

- Producing a house that the bulk of families with less than \$4,000 income could afford.

- Clearing the slums from the cities.

- Making it possible for slum-dwellers, particularly Negroes, to move more freely to better neighborhoods, away from the congested city centers.

- Increasing the pace of industrial and commercial decentralization.

- Improving means of transportation from home to work so that you could travel farther in less time.

- Increasing income and increasing leisure to the extent that more and more families would want, and could afford, two homes—one in town, one in the country. There's already a push in this direction; the two-house family may take its place beside the two-car family as a market factor.

- Turnover—"Ah," says the skeptic, "you are forgetting a reality—no matter how much a family may want a better place to live, it usually doesn't order a new house unless it can sell the old one, or move out of a rented house if it can rent much more cheaply than it could buy."

That's the basis for much of the pessimists' case today. They foresee a rate of building where perfectly livable used houses or rental units begin to clog the market. Then, people won't be able to unload their old houses except at heavy losses that they'll refuse to take; then, vacancy rates will be so high, and rents so low, that it will be far cheaper to rent than to buy or build.

This reasoning—which describes a real possibility—nevertheless neglects another crucial consideration: the speed at which housing units disappear from the market, or can be made to disappear.

### III. Clearing Out Deadwood

Nobody really knows much about how fast housing units disappear from the existing supply. The Bureau of Labor Statistics has estimated that between 1940 and 1949 some 600,000 nonfarm housing units were destroyed through demolition and disaster losses—about 60,000 per year.

But that's only the beginning. Many houses—especially farm houses—are not



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*"... many households were prevented from forming by the shortage of housing . . ."*

HOUSING starts on p. 118

destroyed but just abandoned. Many dwelling units disappear from the housing supply when buildings are converted from residential to business use.

• **Statistical Tricks**—Perhaps most importantly, many units disappear statistically—because, having once been converted into multi-family dwellings and having been so counted by a census-taker, they revert to one-family dwelling units when the old tenants (or relatives) move out to find larger or better quarters.

We have no idea how rapidly this is happening today, but we do know, in a general way, that there has been a great deal of undoubling and reduction of urban density of population—and that we would have a lot more if the overcrowded slums could be drained off.

Though we haven't any figures on how many multi-family units are reverting to one-family status, we do have statistics on how many went the other way—that is, increasing the supply of dwelling units—during the depression and the wartime and postwar housing shortage.

From 1930 to 1939, about 1,070,000 dwelling units were added to the housing supply by conversions—40% of the number added by new starts in that decade. From 1940 to 1949, another 1,750,000 units were added by conversion, and that number equaled 32% of all new starts. These figures take no account of such additions to the housing supply as trailers, cabins, garages, factories, boats, and what not, during the housing pinch. They do show that there has been room for general loosening-up of the density of occupancy.

• **Backlog of Demand**—Many worry that, at the present rate of building, we are borrowing from the future. But they often forget how much we were owed by the past. During the 20-year period from 1930 through 1949, there was only one year—1941—when the supply of new housing came anywhere near the annual rate of household formation. And this would give only a minimum measure of housing requirements in the period, since many households were prevented from forming by the shortage of housing.

• **Deductions**—A host of factors—demolitions for highways and other projects, destruction by disasters such as fire or flood, decongestion and unconvertions, and abandonments—are subtracting



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"... much of the housing of the world's wealthiest nation is shockingly bad..."

HOUSING starts on p. 118

more units from the housing supply than anyone formerly imagined. It used to be thought that 50,000 or 60,000 units a year disappeared. Now some experts like Robinson Newcomb and Wayne Daugherty of the Labor Dept. estimate that more like 400,000 units are vanishing annually. Nobody really knows—the correct figure could be even larger.

If roughly 400,000 units are disappearing each year, it means that you would still have to build over 1-million units each year just to meet minimum needs for replacement of junked units, plus new household formations. That's only for the years up to 1960, while the rate of household formation is held down to 620,000 yearly, due to the short baby crop of the depression years. As the bumper baby crop of the war and postwar years come of age in the 1960s, the household formation rate should rise to 850,000 and higher.

• **Substandard Housing**—As family income rises in the U. S., we may even see a step-up in the housing junk rate. There's plenty of room for doing that. Much of the housing supply of the world's wealthiest nation is surprisingly, shockingly bad.

The 1950 Census discovered that:

• 15% of America's houses—7-million out of 46-million—were unfit for habitation.

• In cities and towns, 3.6-million units lacked bath and toilet facilities.

• Another 1.4-million otherwise habitable units would have to be torn down to do an effective job of slum clearance.

• About 3.6-million units in rural nonfarm areas lacked inside toilets.

• Nearly half of all the houses considered habitable were in need of major repairs.

Cleaning up the old mess looks to be as big a job for the U. S. building industry as taking care of population and family growth.

## IV. Telltale Vacancy Rate

This is not to say that the building industry can never get into a jam. Regardless of the foreseeable housing needs of the U. S. population as a whole, particular towns or areas or particular sorts of housing can develop gluts that depress new housing starts.

• **Signs of Trouble**—The indicator of housing glut is the vacancy rate. What-

# You name it-MOYNO® pumps it!



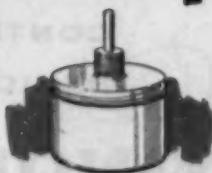
## Foods

Potato salad, chow mein, peas, cream-style corn, tomatoes, molasses, chocolate.



## Chemicals

Caustics, acids, dyes, petroleum solvents, soaps, sludges, latex, synthetic resins.



## Pastes

Paper coating, starch, seam paste, size, adhesive dope, heavy grease, graphite sludge.



## Abrasives

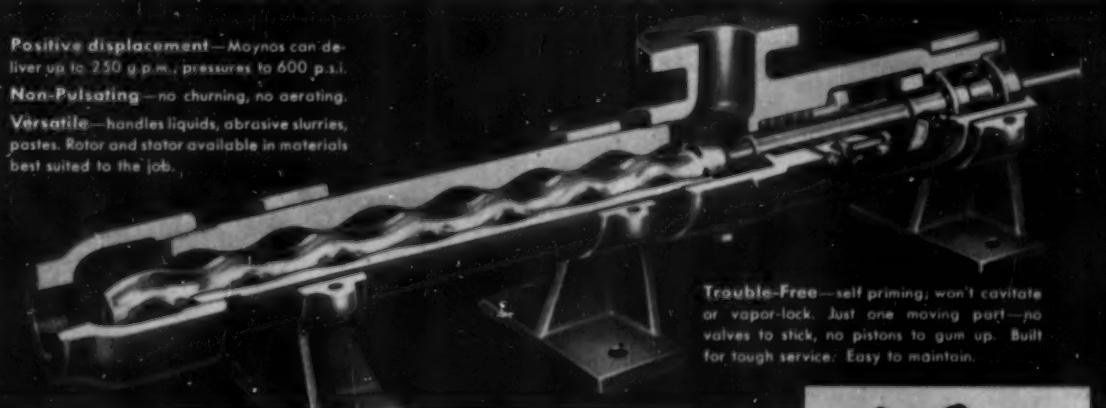
Insulator clay, frit, ground glass and water, porcelain glaze and enamel, cement, plaster.

## FEATURES OF THE MOYNO THAT MAY SOLVE YOUR MATERIALS-HANDLING PROBLEM

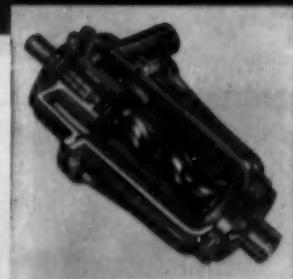
**Positive displacement**—Moynos can deliver up to 250 g.p.m., pressures to 600 p.s.i.

**Non-Pulsating**—no churning, no aerating.

**Versatile**—handles liquids, abrasive slurries, pastes. Rotor and stator available in materials best suited to the job.



**Trouble-Free**—self priming; won't cavitate or vapor-lock. Just one moving part—no valves to stick, no pistons to gum up. Built for tough service. Easy to maintain.



## R & M Moynos handle almost anything that can pass through a pipe

The Moyno is a problem-solving pump. And whether your problem is one of materials, maintenance or flow, there's a better-than-ever chance that the Moyno is the pump you're looking for.

Here is a completely different kind of pump that handles almost anything that will push through a pipe, from free-flowing liquids to non-pourable pastes—even materials containing relatively large particles or abrasives.

This is how the Moyno works: a screw-like rotor turning within a double-threaded stator creates cavities which *progress* toward the discharge end of the pump, carrying the material being handled. The result is a

smooth, steady flow, free from pulsation and turbulence.

The pumping elements of the Moyno are available in a wide range of materials, depending upon the substances to be pumped. From stainless steels and synthetic rubber to tool steels, bronze, plastics—there is a Moyno that will do the job you want, and do it with remarkable efficiency.

Industrial-type Moynos are available with capacities to 250 g.p.m.; pressures to 600 p.s.i. Small Moynos (see inset), used as original equipment, serve on washers, water pumps, sprayers, and many other products.

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Tell us your pumping problem—let's see how the Moyno can help solve it. If necessary, we'll be glad to run tests for you in our own laboratories. In any case, get the details on the Moyno—mail the coupon below.



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**"... vacancies are concentrated in big, old houses that had been converted into apartments . . ."**

**HOUSING starts on p. 118**

ever one thinks about housing needs, when the "For Rent" and "For Sale" signs blossom in profusion, there's trouble ahead for new construction. The historically accepted "normal" vacancy rate is 5%.

Judged by that criterion, there's little reason to worry about the present over-all housing situation—so far as we know. The annual vacancy survey of the National Assn. of Real Estate Boards—which includes reports from 274 real estate boards in 44 states—showed vacancies last February at very low levels. In 78% of the cities studied, vacancies were 2% or less. Only 6% of communities had vacancy rates greater than 5%.

Moreover, the vacancies were concentrated in big old houses that had been converted into apartments and in newer but still unattractive multi-family structures.

A recent survey by BUSINESS WEEK reporters revealed much the same picture: no evidence that the over-all vacancy rate was rising, but a concentration of vacancies in undesirable rental units.

• **Bostonian Shuffle**—Boston is a good example of how the game of musical chairs is working to produce this effect of vacancies at the bottom of the housing supply. In Boston, families in the middle-priced apartments who want more bedrooms and their own homes have been moving en masse to the suburbs. Families who had stayed in the low-rent apartments because they could find nothing better and because they liked the low rents are now moving up into the middle-priced vacancies. This causes a constantly swelling vacancy rate in the low-priced apartments—the big glut is now in those going for \$20 to \$50 a month.

About 22% of all vacancies in Boston are in the class up to \$35 a month, and 71% are in the \$75-a-month or less category. This means that the major portion of vacancies are in the down-at-the-heel districts of South Boston, Dorchester and Roxbury.

Except in junk housing, rental vacancies haven't risen much nationally. A survey of 90% of all FHA rental projects—where you can get a livable apartment at a medium rent—shows that on March 31 the vacancy rate was only 4.4%—against 3.5% a year ago.

More evidence on the vacancy situation will be produced next month by a special Bureau of Labor Statistics an-



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**Monocalcium Phosphate**—  
Baking powders; pancake, corn meal, and waffle mixes



**Calcium and Iron Phosphates**  
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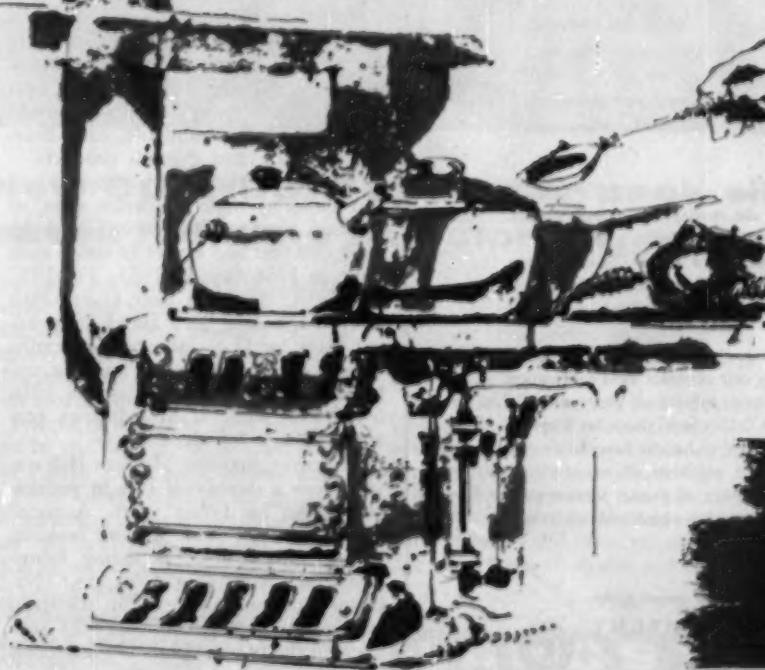


**Tricalcium Phosphate**—  
Anti-caking agent for salt, powdered sugar, soda

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... help make better foods

Grandma was a *good* cook . . . with recipe secrets all her own. A pinch of this, a cup of that, and later, warm, sweet fragrances wafted from her kitchen. Back then, it required hours of painstaking care and years of experience to bake a cake. Today, thanks to Victor leavening phosphates, the cake that *didn't rise* is almost non-existent. Brides make perfect cakes . . . puddings in an instant . . . even five different kinds of pastries from *one* box of mix. All just as good as "grandma used to make" because today flour millers and food processors depend on Victor for phosphates. They know it *pays* to see Victor. Write Victor Chemical Works . . . 155 N. Wacker Drive, Chicago 6, Illinois . . . In The West, A. R. Maas Division, South Gate, Calif.



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# Rockwell Report

by W. F. ROCKWELL, JR.

President

Rockwell Manufacturing Company



**A**BOUT A YEAR AND A HALF AGO, in anticipation of a substantial increase in our field sales force, we decided to re-design our sales training program from top to bottom. We approached the job in much the same manner as we would the re-designing of a product to meet new competitive conditions—in terms of clearly defined objectives.

There is nothing unusual in what we did, except perhaps in the degree to which we *pre-planned* the entire program. Four months were spent in organization, preparation, and in tying down in advance every conceivable loose end.

Each of the 100 "instructors" was assigned his subject well in advance, and required to submit his lecture in writing, together with all necessary pictures and charts. These were reproduced and bound into five manuals of about 200 pages each so that each trainee could have personal copies for reference. Key people were brought in from each plant for a refresher course in conference management, use of visual aids, etc. Transportation and hotel reservations were worked out so that the entire class could be moved smoothly from plant to plant without interrupting the schedule of full eight-hour working days.

Means for evaluating progress of trainees was given as much thought as the actual content of the training program. In addition to fifty written quizzes, two evaluation forms were filled out on each student, in each phase of training, by at least two qualified sales management officials.

The first class went through the new course last spring. Because of careful pre-planning we were able to compress a great deal into the three-month span of the course, at a considerable saving over a looser, longer program. And judging by performance of the 83% who successfully qualified for sales work, we're getting a good return on our investment.

• • •

Our figures show that it costs about \$275 merely to hire a salaried employee. This is the cost of recruiting, interviewing, and selecting; it does not include the cost of training the employee after hiring. That's a pretty strong argument in favor of an intelligent program aimed at stable and long-lasting employee-employer relationships.

• • •

*A national magazine in the metal field recently made a survey of 3,000 randomly selected manufacturers known to be users of die castings. Although we had nothing to do with the study, the publication was kind enough to send us a report because it disclosed facts concerning our Delta Power Tool Division. Of the manufacturers studied, 97.1% used drill presses for finishing operations on die castings, and Delta Drill Presses stood very far ahead of any other make in order of preference.*

• • •

A fleet of specially-built trucks is now making our contract field lubrication service available to users of Rockwell-Nordstrom lubricated plug valves in most industrial areas of the United States. The "valve workshops on wheels," manned by factory-trained personnel, are equipped to handle lubrication and service at gas and oil field installations, refineries, pipelines, chemical plants, and processing plants. Customers get the advantage of expert service on a regular schedule ("tailored" to fit individual needs) combined with substantially lower maintenance costs.

*One of a series of informal reports on the operations and growth of the*

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PITTSBURGH 8, PA.

*for its customers, suppliers, employees, stockholders, and other friends*



**"... capital spending plans of building materials firms show a 48% rise for 1956 over 1954 . . ."**

**HOUSING** starts on p. 118

alysis of vacancies in April, May, and June. Economists at the Housing & Home Finance Agency do not think the BLS study will show greater than an over-all 3% vacancy rate.

## V. Confident Look

Another factor that worries some people is the level of mortgage debt. At the end of 1954, home mortgage debt reached \$75-billion—up more than \$56-billion above the level at the end of World War II.

Compared with earlier periods, however, the present mortgage debt burden doesn't appear to be abnormally heavy. For instance, in 1954 the ratio of home mortgage debt to disposable personal income was 29.6%—the same as it was in 1934. George C. Johnson, president of the Dime Savings Bank in Brooklyn, has pointed out that regular payments on mortgage principal and interest now amount to about 2.6% of all spendable income, compared with 2.7% in 1939—"a year in which mortgage debt was not considered excessive." And there still seems to be plenty of mortgage money around.

• **Suppliers Expand**—A strong sign of confidence that the present level of housing construction can be maintained comes from the companies that supply materials to the building industries. A special survey by the McGraw-Hill Dept. of Economics shows that these outfits are backing their optimism with dollars. They include companies making plywood, brick and tile, cork, flooring, asbestos, and gypsum products.

The survey shows that companies in the building materials fields plan to increase their capital expenditures by 35% this year and expect to spend even more in 1956 than in 1955. For 1957 and 1958, they also plan a very high level of spending, well ahead of spending plans for U.S. industries generally. Capital spending plans of building materials firms show a 48% rise for 1956 over 1954, while U.S. industries generally show a 3% decline.

Moreover, previous McGraw-Hill surveys show a downward bias in preliminary plans for future years. A check with officials of some leading building materials companies, including John-Mansville, Armstrong Cork, and National Gypsum, supports the statistical evidence of strong confidence by suppliers in the future of building materials sales.



## New CORRUGATED feeder pack eliminates pouring, saves handling and storage, reduces damage

One peck at a time, a flock of chickens can eat up grit just fast enough to make filling and refilling ordinary trays a regular chore for a busy poultryman. This new corrugated feeder pack saves him most of the trouble.

Instead of having to store and pour grit by the sackful, all he does is set out a fresh feeder pack, slit the sides, and pull out the flaps. As the chickens peck away, the grit drops down in the box till it's gone. Usually, there's enough in each 25 lb. box to last for several weeks.

This unique new package is practical because corrugated board is so strong and rigid, yet so light in weight and

low in cost. It has the important extra advantage of conspicuous printing on the sides that keeps reminding the buyer of the brand name till the box is empty.

Here's an idea that can be adapted to all sorts of dry feed, store merchandise—even manufacturing components. Dealers like it because it's so easy to display. And experience has shown that the sturdy corrugated box reduces damage losses and saves valuable storage space for both dealer and user.

If the packaging material you're using now is less sturdy or more costly than corrugated, find out how many new ways you can save money, boost sales, or reduce damage losses. Just contact your nearby boxmaker. He's listed in your classified telephone directory under "Boxes—Corrugated."

Langston doesn't sell corrugated, only the machines that make it. Since 1902, Langston machines have led the field in efficiency and dependability. *Samuel M. Langston Co., Camden 4, N.J.*

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## GOVERNMENT

# In Washington

Justice Dept. hopes to bring oil cartel charges to trial next year . . . House and Senate groups eye bank and other mergers . . . Lufthansa still snagged.

The Administration wants to have the big international cartel case against U. S. oil companies ready for trial during the next year.

Antitrust chief Stanley N. Barnes told the antitrust subcommittee of the House Judiciary Committee that speeded-up procedures should make it possible to begin actual prosecution.

Barnes was closely examined some time ago on the cartel case by the committee, and promised action as soon as possible on the suit filed in 1953. Developed under the Democratic regime, the case charges Socony-Vacuum, the Texas Co., Gulf, Standard Oil (New Jersey), and Standard Oil of California with a conspiracy to control and split up world production and markets.

In a letter addressed to Rep. Emanuel Cellar (D-N.Y.), chairman of the Judiciary committee, Barnes said he hoped that stepped-up work would also permit going to trial in another big oil case within a year. This is the Pacific Coast monopoly suit filed in 1950 against seven major oil companies, one of the biggest and most complicated antitrust cases now pending.

Barnes promises to go forward with a raft of investigations into other alleged illegal practices in the oil industry.

These investigations include:

- Price fixing of crude and finished oil products.
- Misuses of "legitimate conservation programs."
- Denying independent distributors access to petroleum products at prices that permit competition with distributors controlled by major oil companies or dealing exclusively in their products.
- Unavailability of pipe lines to small petroleum companies.

Operation of patent pools relating to refining processes.

Congressional committees are continuing their antitrust probings.

The House antitrust subcommittee meets next week to consider writing a new antimerger law for banks. Chmn. Cellar, who co-sponsored the 1950

antimerger law, already has lined up strong support for it.

Cellar's bill would extend to banks the present law's ban against acquisition of assets when this tends to lessen competition. Barnes and Federal Reserve Board Chmn. William McChesney Martin already have indicated support for the proposal.

In addition to spokesmen from government agencies—including Barnes and Martin—Cellar's committee will hear from private groups such as the American Banking Assn. and the Independent Banker's Assn.

Following a scheduled two-day hearing on the bank merger bill, Cellar's group will devote another two-day hearing on legislation to change the present mandatory treble damage award in private antitrust suits by giving federal judges discretion to grant less than treble damages.

On the Senate side, Harley Kilgore's Judiciary Committee will wind up the merger phase of its current hearings next week.

It is scheduled to hear from at least two companies named by the Federal Trade Commission's report on mergers as among the "most active" merging companies. Thomas S. Nichols, president of Olin-Mathieson Chemical Corp., and J. Spencer Love, chairman of Burlington Industries, are to be in the witness chair. The Borden Co. and Foremost Dairies (page 178)—also named in the FTC report—have also been invited to appear next week.

Railroad management and labor, so often at each other's throats, have found a common cause—the President's transportation policy.

They have agreed to lobby for bills that would carry out recommendations of the Presidential Advisory Committee on Transport Policy and Organization. A key provision would permit the railroads to cut rates, without going to the Interstate Commerce Commission, to meet the competition of other forms of transportation.

This puts the railroad unions, most of them AFL affiliates, squarely against

# Antitrusters Keep Busy

the Federation's biggest affiliate, the International Brotherhood of Teamsters, which is backing the trucking industry's fight on the transport policy.

The full-scale entry of Lufthansa, the new and fast-growing German airline, into the U.S. travel market has hit a snag.

State Dept. and Civil Aeronautics Board this week are trying to decide whether to go through with an air transport agreement concluded with West Germany a couple weeks ago but not yet signed.

Reason for the delay: a big storm raised by U.S. airlines—and interested congressmen—claiming the Germans got too much.

CAB this week is giving the airlines another chance to show how the German routes would hurt them. CAB will then advise State Dept. whether the deal should stand.

Lufthansa, along with Pan American World Airways and Trans World Airlines, is now flying between the U.S. and Germany on a temporary permit. The agreement gave it rights to serve Boston, Philadelphia, and New York—to tap the Middle West by serving Chicago via Canada—a choice of Los Angeles or San Francisco on the polar route—and authority to fly beyond New York to unspecified Latin American points.

In return, U.S. carriers got rights to serve most German cities they now serve (Pan American got five, TWA a single point, Frankfurt) and important rights to fly beyond Germany.

Chief objection was to Lufthansa's unlimited rights beyond New York to the Caribbean and South America. TWA, which got rights beyond Frankfurt it doesn't have now, was all for signing. Pan American, which serves both Germany and South America, felt German rights to South America were too much. Domestic U.S. lines that fly south also objected.

Seaboard & Western Airlines has been certificated for trans-Atlantic all-cargo service after years of government processing, including 13 months of waiting for the White House to make up its mind on the recommendations of the Civil Aeronautics Board.

The CAB decision, approved by Pres. Eisenhower, gives Seaboard a five-

year certificate to operate a scheduled no-subsidy cargo service between New York, Philadelphia, and Baltimore and points in the United Kingdom, the Netherlands, Belgium, West Germany, France, and Switzerland.

The Seaboard case is the fourth major air decision to come out of the White House since Feb. 1. Each of the four has favored competition on overseas routes.

Purpose of the government's biggest test of civilian defense procedures last week was to show up bugs and problems in planning.

It did.

One of the biggest problems was getting people—officials, newsmen, and the general public—to take the test seriously.

Among others were these:

(1) Despite the fact that our cities were theoretically bombed, no theoretical retaliation was ordered. Reasons given: Top officials didn't want anything to show up in print about an attack on Russia, no matter how theoretical.

(2) Planning didn't take into account the latest threat from atomic fall-outs. Nearly every hide-out used by government officials—all of them within 300 miles of Washington—could be in a fall-out danger area, according to experts.

All this came from a bombing that, if it had actually happened, would have had these results, according to official announcements:

More than 8.2-million people killed, another 6.5-million injured in continental U.S., and some 4.25-million people "saved" by evacuation of 24 of the 61 cities supposedly bombed. Industry and commerce would have been severely blasted. Among damage reported: steel fabrication and metalworking damaged to 40% of capacity, chemicals 15%, petroleum only a small amount.

The government's "dollar-a-year" men—or WOCs—are under fire again. Sen. Wayne Morse (D-Ore.) asked the Administration last week to list all businessmen who have worked in mobilization agencies, since Korea, without compensation. Over 1,000 businessmen are involved.

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Every Time We  
Find a  
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"Each of these forged push rods used in light engines costs \$1.16 to make. Of this, 21¢ goes into rough forging, 9¢ into processing and finishing. By finding cracks in the rough forging stage, we save this 9¢ less a cleaning, segregation, handling and inspection cost of 5¢ each. Multiply this saving by thousands of parts and you can see how much we save by inspection with Magnaflux\*."

Savings don't stop here. By adding inspection with Magnaflux at the rough forging stage, this plant found that cracks were being "built in" during forging. By changing procedures, the forge shop was able to correct the causes of most cracks.

Inspection by Magnaflux methods, used in this way as a manufacturing tool to cut costs, finds all cracks from any cause when they first occur. It saves much more than it costs... and is nondestructive and fast. Ask to have a Magnaflux engineer make a survey with you, and advise you of savings figures on an operation like yours. Or write for new booklet on LOWER MANUFACTURING COSTS.

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# MAGNAFLUX



PERON AND SAVIOUR, Gen. Franklin Lucero (right), cling emotionally after last week's revolt had apparently been put down. Question: Is Lucero now Peron's heir?

## Juan Peron:

More than once in the past 10 years, experienced observers as well as wishful thinkers, have believed Juan Domingo Peron's number was up. This week was one of those times. As **BUSINESS WEEK** went to press, all the signs, all the logic, seemed to indicate the end of the hemisphere's most notorious dictatorship.

A decade of Peron has brought Argentina's prestige to its lowest point. The high-sounding promises of "Peronismo" are all but forgotten. The nation is divided and demoralized; its economics unsteady. The workers seem fed up, the military is fed up, and Peron's attack on the Catholic Church has persuaded even many Argentine anticlericals that enough is enough.

In everything but the exercise of power, the Peron era has been a failure. Now the power seems ebbing away.

The signs could be wrong. Like a child's roly-poly, the resourceful Peron has bobbed up from trouble time and again. Last weekend it looked as if he had once more landed on his feet. In three days, he carried his campaign against the Church to a showdown, got excommunicated, was bombed by his navy, and was rescued by his army.

A fog of censorship and rumor hung over the River Plate early this week. But enough leaked out to hint that Peron, rather than triumphant, may be bridled. Gen. Franklin Lucero, War Minister whom Peron embraced as a saviour last Thursday (picture, left), emerged as commander-in-chief, issuing orders, acting as if he held the reins of power. Peron was reported "in seclusion," and the Peronist mobs were off the streets and subdued.

• **New Lineup**—There was talk of military junta, with Peron as a figurehead. There were reports that much of the army was in cahoots with the naval and air forces that plotted the uprising. It may be that the army pulled out at the last minute, with cold feet perhaps, or hoping to win the top spot by playing the rebels off against Peron. Units of the Argentine fleet were apparently missing—possibly waiting until an army-navy deal could be cooked up among the brass in Buenos Aires.

### I. Peron's Heyday

Whatever happens, the age of Peron as undisputed ruler of Argentina appears to be over. In Argentina as in most of Latin America, the army giveth, and the army taketh away. In any new or modified government, the army will call the shots.

The army brought Peron to power in 1943 when, in a military coup, he got

# End of the Road?

the job of Labor Minister. In two years he built such an empire, and such a following, that his colleagues removed him. In a matter of days, his followers installed him in sole power.

• **Favored Classes**—For the workers—who became Eva Peron's beloved shirtless ones—Peron provided bread and circuses, and a new feeling of dignity. Argentina earned a lot of money during the war, and Peron spent it with lavish abandon. He inveighed against the aristocrats—the “oligarchia”—and even expropriated some of their property to give the masses the idea Peronismo was working a social revolution. But while he took tribute from the rich, he left them much as they were.

The army, fearful of the workers' new strength, was pampered; the Catholic Church was wooed. All the while, Peron built his unique police state—creating favorites, removing or neutralizing opposition, stifling criticism. For want of a more dramatic public enemy than the oligarchs, he used anti-Americanism to bolster his regime.

• **Harsh Reality**—Economics, as much as anything else, cut Peron down. Only a rich country could afford the excesses of Peronismo. And Argentina's pampas are not so rich that they could pay for a fling at industrialization. Peron's giveaways, and also fight droughts, build herds, and improve farmland to meet world competition.

The beef-eatingest nation in the world was brought to meatless days, its credit was shaky, its industry reduced to obsolescence.

Argentina's workers slowly began to realize that inflation was cutting deeply into their living standards, that they were eating less and dressing worse than they did in 1943. When they tried to get wage increases last year, Peron turned them down.

• **Ripe for Trouble**—Strong nationalists saw Peron go back on his talk of Argentine self-sufficiency, turn off his anti-Yankee campaign, and began wooing American dollars and investors. Peron became more and more isolated—with no really strong enemies, but with no friends, either.

Yet, with all this disaffection, no one seemed able to move against him. Military plots have been a dime a dozen, but Peron frustrated them all. He looked invincible. The men who had the power to dump him seemed to shrug, and just string along.

## II. The Showdown

The campaign against the Church undoubtedly sparked last week's uprising. Argentina is not a deeply reli-

gious nation; the separation of church and state, in such matters as education and divorce, is hardly new, even to Catholic Latin America. A move to change the system would not have been surprising. What was surprising, however, was the nature of the campaign—a violent persecution of the Church, the arrest of nuns and priests, the calumny against the “treasonous” clergy.

Why Peron did what he did no one knows. Vatican experts admit that the Church worked with Peron in his earlier days; lately it has tried to stay aloof, barely concealing its dislike of the government's suppression and fanaticism (as Argentina's largest landholder, it suffered from Peron's economic policies, too). Vatican sources suggest, too, that many Argentine Catholics wanted to free themselves from a connection that the gathering crisis of the government might make dangerous. Catholic laymen have been working toward a strong Christian Democratic party along European lines.

Peron must have felt that the one Argentine institution not decimated and demoralized by his rule was finally becoming a threat.

The army leaders—men like Lucero, for example—are not necessarily staunchly religious. Probably they had little stomach for breaking up festivals and arresting nuns. They worried that Peron might succeed in getting his worker-mobsters into the streets to pillage and burn. The plot brewed up by naval officers may have offered the opportunity to the Peronist soldiers to save their own skin—by rescuing, and neutralizing Peron.

• **What Next?**—With or without Peron, the government that will emerge from the fog over the Plate will be a military dictatorship. It's anyone's guess how harsh or mild it will be. It is likely to be conservative, rightwing. It is likely to whittle down the power of the Peron trade unions, but tread carefully not to alienate the mass of Argentine workers. Some observers believe that Argentina may be ready for a gradual transition to a more liberal constitutional government—but only after a period of military rule.

The question is who will rule. Lucero, considered a moderately able general, isn't thought to have the stuff of which dictators are made. Maybe Argentina is in for a “Hundred Days,” during which a new strong man will appear. One man to watch is Jose Embrioni, a deputy of Lucero. Young (in his early 40s) and brainy, Embrioni is supposed to have been groomed for big things.



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**FROM AFRICA** where supermarket crowd happily proves the old contention that a customer is a customer wherever he is . . .



**TO BRAZIL,** U.S. doctrine that self-service will sell more goods more quickly and more cheaply is rapidly catching on.

## The Supers Get Around

In Havana this week, Cuban workmen are putting the finishing touches on a new \$500,000 supermarket—probably the first of a Cuban chain of stores to be built by the Ekloh company of West Germany.

To the American, to whom the supermarket is almost more familiar than the corner drugstore, the first reaction could be: "so what?" But the new market in Havana has a special interest: It marks almost a complete circle for the self-service idea—exported after World War II to Germany from the U.S., and now

being re-exported by the Germans to Cuba, where Ekloh will compete with supermarket chains backed by U.S. capital.

The Cuban store also is typical of what's going on all over the world (pictures). Along with the spread of other U.S. marketing techniques, especially to Europe (BW—Feb. 26 '55, p140), American self-service merchandising is catching on abroad. Today, there are about 8,500 self-service stores outside the U.S. and Canada. The number gains significance when you remember

that all have been converted from older stores or built from scratch since 1947—most of them since 1950.

• **Contributors**—More than one U.S. company has had a hand in helping develop self-service overseas. For example, the promotion campaign of National Cash Register Co. has been a powerful stimulus in getting foreign retailers to adopt U.S. merchandising methods. Since the end of World War II, NCR has operated an elaborate service for foreign retailers who are interested in converting to self-service. NCR can't prove statistically how its service is paying off immediately, but it believes the long-term goodwill and market it is building for its business machines will help keep its international sales climbing; they already are well over 40% of total business.

• **On the March**—No one at NCR thinks that supermarketping abroad will soon match the fantastic proportions it has assumed in the U.S. Supermarketting is part of the whole U.S. economic pattern, and will be difficult to repeat abroad. For one thing, it's hard to get the space necessary for an American-type operation in the crowded cities of Western Europe. And European retailers can't move to the suburbs—as a U.S. merchant might—until their customers become motorized.

Still, there's plenty of evidence that self-service abroad is on the march. M. M. Zimmerman, author of *The Super Market* (McGraw-Hill, \$6), points out that some European conditions make its markets ripe for self-service. Much of Europe's private and cooperative food retailing is organized along chain lines. That makes it easier to adopt the new merchandising system. The European consumer, traditionally conservative, nevertheless has taken to self-service—particularly when it produces lower food prices.

There are self-service stores in all the non-Communist countries of Europe except Spain and Portugal. The Duttwiler organization of Switzerland and its Migros stores (BW—Aug. 25 '51, p116) are expanding to Turkey. The oil industry, with its commissaries, has carried the supermarket idea throughout the Middle East, to the West Indies, and to Venezuela. Some of the world's most elaborate markets are located in the Venezuelan capital of Caracas.

• **Receptive**—As a matter of fact, foreigners often are more willing to accept self-service in non-grocery stores than are Americans. Mexico City has a self-service bake shop where the customer, armed with a pair of tongs and a paper plate, serves himself. Britain has mobile vans equipped as self-service shops peddling all kinds of merchandise, and there are self-service ladies' ready-to-wear shops in Denmark.

• **NCR's Role**—National Cash Regis-

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**"... first obstacle is convincing merchants themselves . . ."**

**WORLD SUPERMARKETS starts on p. 134**

ter's program to promote self-service abroad started in 1941, when its Overseas Div. realized that the service it had been providing U.S. independent merchants for nearly 40 years could be exported. That service included self-service store layout plans and general selling information to go with them. When the war ended, the company began to send self-service literature to its overseas representatives. In 1947, the first group of NCR's foreign employees were brought to Dayton to see what U.S. self-service was all about.

These representatives—NCR has sales offices in 92 countries—go home loaded with a \$300-kit of miniature supermarket fixtures and a layout board. In addition, they are trained to tell their customers about supermarkets—everything from impulse buying to loss leaders. Dayton also has a special "Merchants Service" that works out problems beyond the overseas offices.

From the very beginning, there have been lots of problems. Strangely enough, the first obstacle to self-service overseas is to convince merchants themselves that it is a good thing. The obvious advantage to U.S. merchants—labor saving—makes hardly a dent abroad because cheap labor usually is the foreign merchant's most plentiful commodity.

**• Exploded Myths**—Foreign retailers marshal three standing objections to most suggestions on self-service: (1) "Our people are different"; (2) pilfering would prohibit unsupervised shopping; and (3) shopping, particularly for food, is done by servants, and therefore there is no "impulse buying."

It took conservative Belgium to prove the contention at National Cash Register that customers are the same, wherever they are. When Emile Pirmez, general manager of Prisunic, Uniprix & Priba, converted one of that company's food and variety stores to self-service in 1947, food sales shot up 160% and non-food sales 50%. That compares favorably with the U.S., where self-service conversion usually means only a 50% to 60% rise in food sales.

The fear that self-service would encourage thefts was soon disproved, too. Many new supermarkets started out with turnstiles and special watchmen, but later gave them up for U.S.-type operation.

Stores such as Brazil's Supermercados Peg-Pag (Grab-Buy Supermarkets) soon discovered that even a housewife with servants can be lured downtown to shop—if the self-service store is attractive

enough. That explains why one Rio supermarket quadrupled its sales in its first week of self-service.

**• More Hurdles**—Once the retailer's opposition has been hurdled, self-service runs into other difficulties abroad. Perhaps the biggest deterrent to its wholesale growth is the low average income of customers abroad. There is no Saturday night loading up for the week—and even where customers are moderately well-heeled, many foreign homes don't have refrigeration to store enough perishables for once-a-week shopping.

Another big problem is the foreign exchange shortage and the difficulty of importing refrigeration, office machines, and other equipment from the U.S. to set up the stores. In some instances, on-the-spot manufacture of this equipment and recognition by local governments of the importance of new merchandising techniques to the economy have overcome this. National Cash Register, International Business Machines, and other U.S. producers are now manufacturing the necessary office machinery in many foreign countries. And there has been some local improvisation—one Latin American supermarket made marketing gondolas out of baby buggies.

As the trend picks up speed, other problems are sure to show up. For instance, packaging will be a stymie since European and Latin American processors prefer to sell in bulk—and attractive packaging is a cornerstone of self-service merchandising. Allied to this problem is the limited use of brand names, still in their infancy in both Europe and Latin America.

**• Long-Range**—NCR's policy is to help with any of these problems wherever it can. Just what the return for the company will be is not always apparent at the outset, but NCR's effort is based on a long-range outlook. As Rene Richardet, NCR's Swiss-born overseas promotion director explains, it isn't simple to calculate in dollars and cents just what profit NCR has turned up out of self-service promotion. Some of the growth in overseas business in 1954 (\$96,575,000 compared with \$89,095,000 in 1953) certainly can be attributed to self-service sales. Richardet estimates that sales from conversions to self-service since 1948 have totaled \$8.4-million. "That's important if you consider it started from zero in 1948, and for all practical purposes didn't get rolling at high speed until 1950."

One of the facts NCR has to face is that self-service often means that the actual number of cash registers used may be smaller. But this is offset by the fact that checkout machines are more complicated and more expensive. Overseas markets also provide sales for used U.S. machines—NCR's rated competition in the U.S.

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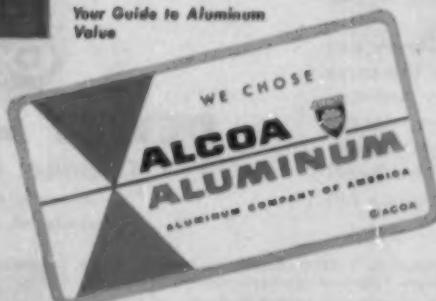
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## Looking Abroad

The week's budget of news about U.S. corporations and their business overseas.

The government of Peru has been asked to open up three oil concessions on the jungled eastern slopes of the Andes by Cerro de Pasco Corp. One of Peru's most important mining interests for many years, Cerro's venture into oil is part of a plan to diversify. The company is looking into the oil business in the U. S. where it owns interests in 15 Louisiana, Texas, and Illinois wells and is prospecting in Colorado.

Another old Latin American hand, American Smelting & Refining Co., has reopened an isolated mining area in the Mexican state of Sinaloa on the Republic's West Coast. The mine, Nuestra Senora, dates back to Spanish colonial days but has not been successfully operated since 1910. It cost AS&M \$3-million to open it.

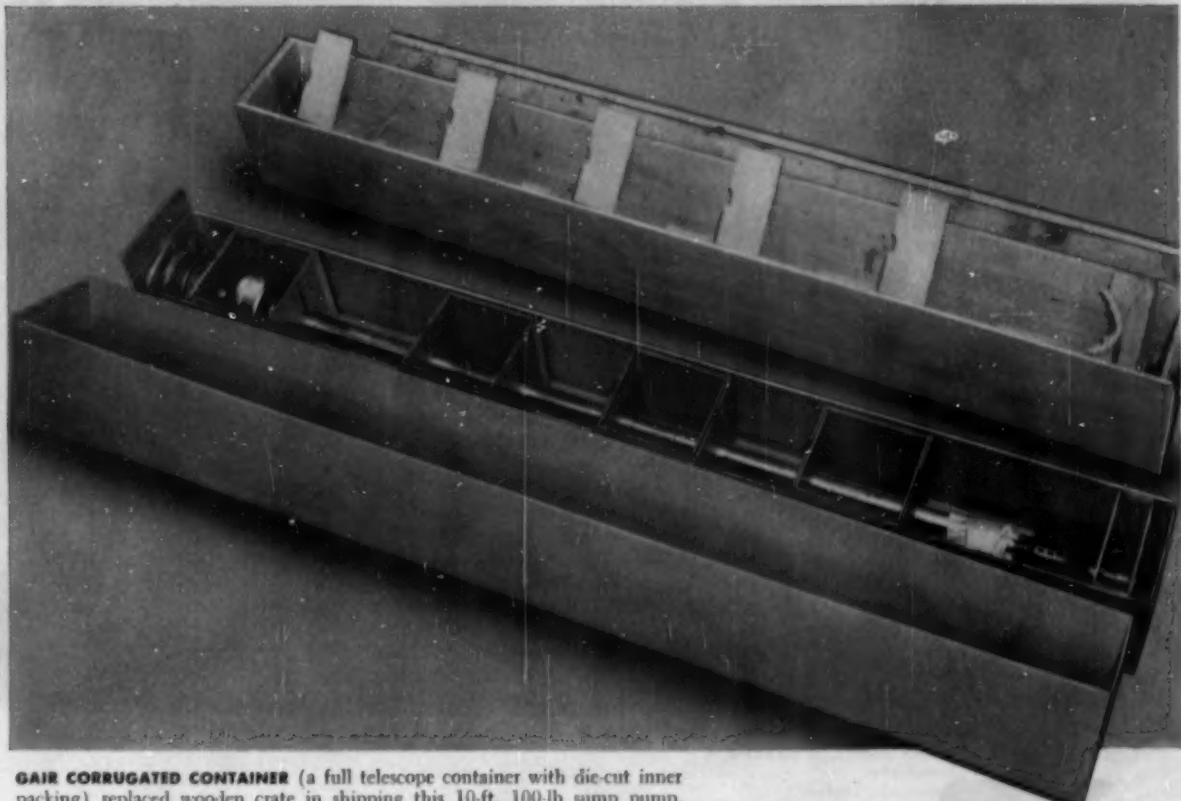
That Australian auto market keeps bouncing along (BW-Apr. 23'55, p126): Now come reports that American Motors Corp. plans to build an assembly plant to produce Hudsons "down under." The cars will be 20% to 35% Australian components at the outset, later on totally Australian. . . . Chrysler Australia Ltd., is reported dicker- ing for a new plant site near Adelaide, South Australia, to add to the plant employing 4,500 people already located there.

Trans World Airlines, Inc., which recently got a turn-down from the Civil Aeronautics Board on a request to extend its Orient route to Tokyo from Bombay, has new Asian plans: Colombo reports a deal may be cooking between Air Ceylon and TWA for a joint under- taking on international routes. Air Ceylon tried a London-Sydney route a few years ago but got badly burned. But the government indicates it's willing to try again with TWA's help. An interline agreement between TWA and Air Ceylon east of Bombay might give TWA what it's been looking for: an in on the lucrative Europe-Japan traffic.

A plant to convert coal to petroleum products is nearing completion at Johannesburg, South Africa, built by M. W. Kellogg Co. Kellogg is building the \$75-million plant for SASOL, a semi-government corporation. The plant is already in partial production although it won't reach maximum output (71-million imperial gallons of oils and lubricants annually) until later this year.

# Switching

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**GAIR CORRUGATED CONTAINER** (a full telescope container with die-cut inner packing) replaced wooden crate in shipping this 10-ft, 100-lb sump pump.

Production men at Detroit's Penberthy Injector Co. are wearing big smiles since they switched from wooden crates to Gair corrugated shipping containers.

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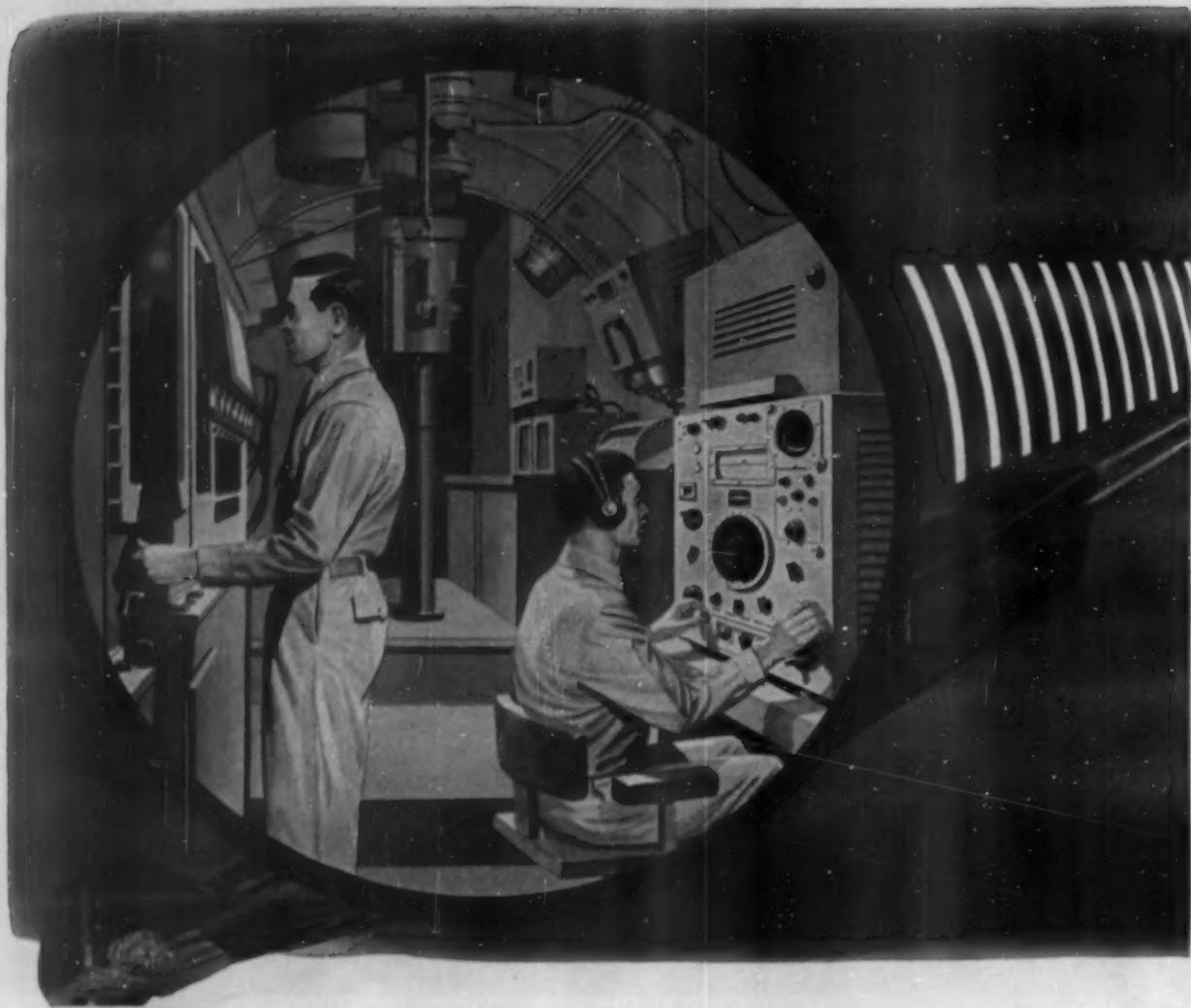
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*Locate...*

*Fire!*

# provide underwater navy submarines!

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bicycle coaster brakes, Stromberg carburetors, electric fuel pumps, starter drives; jet engine nozzles; textile bobbin holders.

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automatic flight systems; airplane and engine instruments; flight and navigation instruments; components for servo-mechanism and computing equipment; stabilization equipment; foundry products.

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aviation ignition systems; industrial engine magneto; diesel fuel injection; electrical connectors; ignition analyzers.

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automotive, marine and small engine carburetors.

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## Private Aid for Exporters

Financing for capital goods will be offered by corporation set up by five major banks. A baby of Chase Manhattan, it will compete with Ex-Im services.

This week U.S. capital goods exporters had a dream come true. A private institution was organized (under the "Edge Act" section of the Federal Reserve Act) to provide them with the kind of medium-term credit facilities that have been available only from Washington's Export-Import Bank.

The new institution—American Overseas Finance Corp.—came to life Monday in New York City, in the shadow of the Chase Manhattan Bank's headquarters. Back of AOFC are the resources of Chase Manhattan, Chemical Corn Exchange Bank (New York), The First National Bank of Boston, Mellon National Bank & Trust Co. (Pittsburgh), and National Bank of Detroit. The board has men with wide experience in international finance—representatives of each of the five banks (Chase Manhattan's John J. McCloy is chairman) plus William L. Batt, Clarence B. Randall, and Norbert A. Bogdan, president of AOFC. Bogdan was a senior officer of the J. Henry Schroeder Banking Corp. and more recently treasurer of Ford International.

• **Capital**—AOFC will start with a relatively modest capital of \$20-million. The common stock, \$10-million, is held entirely by the five banks and \$10-million of preferred will be taken up privately by institutional investors. By selling its own notes, AOFC expects to raise enough funds to do a very healthy export financing business—perhaps \$200-million in the first year, with almost no limit in the future.

The new corporation's credit facilities are being offered only for export sales of capital goods—machinery and equipment for use in transportation, mining and well-drilling, power generation and distribution, communications, heavy construction, agriculture, and manufacturing. If they fit these capital goods categories, machine tools, iron, steel, and nonferrous metals, industrial rubber products, and scientific instruments are also on the list. Ordinarily AOFC will not finance transactions where the export sales price is less than \$10,000. (An upper limit is set, in terms of AOFC's total capital, on the size of transactions the corporation can finance.) Normally the financing will run for periods of from six months to five years.

• **Promissory Notes**—AOFC provides this kind of financing by purchasing from U.S. exporters the promissory notes (or other U.S. dollar obliga-

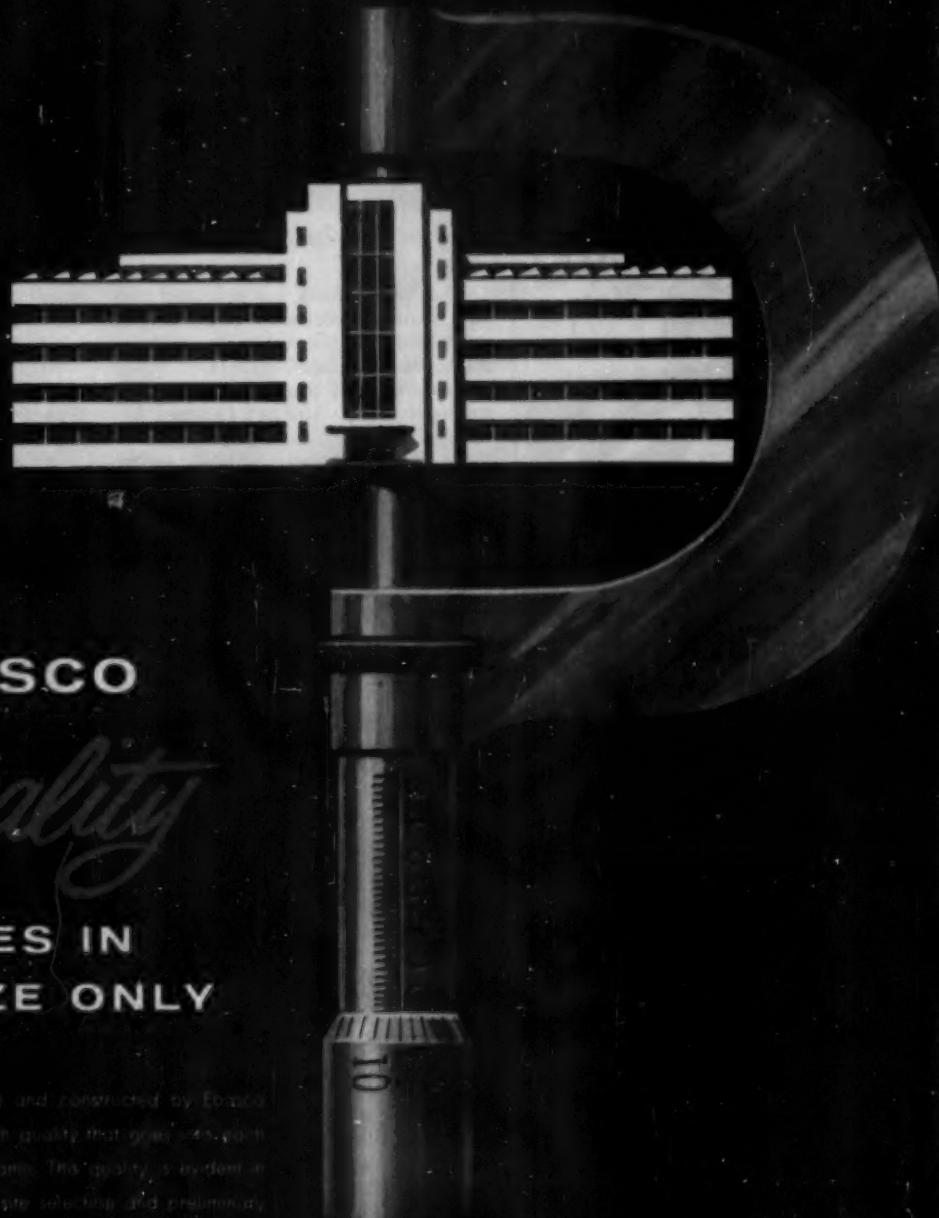
tions) issued by the foreign importer. But the most AOFC will finance is 60% of the sale price of any particular transaction. And to qualify for this, the American exporter must do two things: (1) get a 20% down payment from the importer; and (2) carry 20% of the price himself. Of the 80% that the importer owes, AOFC thus carries three-quarters and the exporter one-quarter in the form of an "exporter participation" in the risk.

This is how it would work in the case of a \$500,000 export transaction with credit running for four years: The U.S. exporter gets \$100,000 in cash from the importer and AOFC takes a four-year note for \$400,000. Then AOFC pays the exporter \$300,000. The exporter doesn't get his last \$100,000 until the fourth year. Meanwhile, AOFC has collected its \$300,000, plus interest (which is likely to amount to at least 6%).

AOFC will have part of its risk covered, too. It has made arrangements with the Export-Import Bank under which it will be able to get guarantees covering up to one-third the amount of its risk. The chances are that during the early stages AOFC will use the Ex-Im guarantee extensively—even though it will be telling potential clients that it can offer a more efficient export financing service than the government bank is in position to do.

• **Slow-Growing**—The whole AOFC scheme has taken a good two years to mature. It was first kicked around during 1953 in what was then the Chase National Bank, with David Rockefeller, an AOFC board member, taking the lead. It was in 1953 that U.S. capital goods exporters began to face some real competition from Western Europe, where exporters had goods to sell for the first time and had government-backed export guarantee schemes to assist them. And just at this time the Eisenhower Administration began to limit Ex-Im's activities as part of its effort to cut down public spending—a policy that has since been reversed. This double squeeze led some U.S. exporters to ask Washington for an export guarantee system and others to call on the big private banks to move in on the situation.

That is just what Chase decided to do—with a scheme that has gone through a number of big changes and finally ended as a joint venture of five banks.



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## Eying World Bank's Reserves

Record earnings bring clamor for dividends and lower rates . . . Japan readies tax bite on Americans . . . New orders for Vickers . . . Plants for Canada.

The World Bank has approved two new loans, is thinking about several more, and is beginning to worry about dividends and related matters.

Last week, the bank approved a \$10-million credit to Austria's Lunersee hydroelectric project; the Philadelphia National Bank is participating to the extent of \$153,000 in early maturities of the loan. It's a truly European, cooperative venture: Most of the loan is to be in European currencies, and Lunersee (capacity: 190,000-kw.) will export power to Germany. Colombia's important Magdalena River Valley Railroad project received its second World Bank loan—\$15.9-million for a 190-mi. extension. Bank of America N.T. & S.A. is picking up \$866,000 of the loan.

Three Latin American countries may become World Bank borrowers for the first time: Costa Rica, Guatemala, Haiti. The bank observes that ex-Communist Guatemala's new government is taking hold well; that Costa Rica has settled with its sterling bondholders; that Haitian development would benefit from some small loans.

Meanwhile the World Bank, entering its tenth year, faces some of the problems that come with maturity (BW—Jun. 11 '54, p152). There's talk in Washington that the bank might do well to pay its first dividend out of record 1954-1955 earnings (around \$24-million). Not that the U.S. Treasury, which would get the bulk of the share-out, needs the money badly. But a bank dividend might look well politically: The U.S. government could show how the World Bank experiment in international development, to which it has subscribed \$3-billion, is paying off.

But from other member nations, mainly the borrowers, comes a clamor for lower interest rates, especially the reduction or removal of the 1% commission charged to every loan for the bank's special reserve fund.

Both proposals would bite into the growing special reserve—something the bankers don't want to do. The World Bank still is something of an experiment, they feel, and they want to keep reserves fattening. It's likely that after due consideration, the World Bank will say no to both proposals.

expect the Japanese to lower the tax boom on them next year. Some even talk of leaving the islands.

Aliens in Japan have paid relatively small taxes, thanks to special occupation laws. Like other appurtenances of occupation, the law is expiring. Next year, regular Japanese income taxes will apply—and they'll be a good deal stiffer. To make \$10,000 after taxes, the outlander will have to gross \$32,000. And the rules are likely to be enforced: Tokyo will be loath to go against the country's nationalist grain by extending preferred treatment to the foreigners.

More business fliers are taking to the British-built Vickers Viscount. U.S. Steel Corp. ordered three several weeks ago; now Hughes Tool Co. and Standard Oil Co. of California each have bought one of the four-engine, turbo-prop airliners. With new Dutch and British orders for 21 Viscounts, Vickers backlog is now over 225 planes.

Coming to Canada: Britain's big Hawker Siddeley Group wants to buy Canadian Car & Foundry Co. Ltd., Montreal manufacturer of railroad equipment, buses, aircraft. If shareholders agree, Cancar would be taken over by A. V. Roe Canada Ltd., the aircraft maker and the British group's holding company in Canada. (Hawker Siddeley has one of the largest postwar British investments there.)

Mannesmann A.G., West German steel manufacturer, plans to build a \$20-million seamless steel pipe plant, Canada's first, at Sault Ste. Marie, Ont. Work on the plant will begin soon; capacity is pegged at 225,000 tons yearly.

London's stock market continues to boom. Blue chip strength is now spilling over into lesser known issues. The industrial average is up 20% since mid-March and brokers predict it will rise another 15% before the end of the year. That's despite the strikes and Chancellor of the Exchequer Butler's warning that the current dear money policy will continue longer than had been expected.

American businessmen, technical people and journalists living in Japan



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# INTERNATIONAL OUTLOOK

BUSINESS WEEK  
JUNE 25, 1955



Ask Washington officials if the U. S. will put trade on the bargaining table at Geneva and they will give you a flat no. They say that Pres. Eisenhower has no intention of using this particular leverage on Premier Bulganin.

Still, it's a safe bet that at some stage of the East-West talks the question of trade will be a bargaining counter. And that means Soviet bloc trade with the U. S., as well as with Western Europe and Japan.

There are these straws in the wind:

- Britain's Eden apparently intends to put his emphasis on world trade when he makes his opening statement at Geneva. (Eisenhower reportedly will stress Germany and France's Faure, disarmament.)
- Eisenhower's Council on Foreign Economic Policy, headed by Joseph M. Dodge, is taking a careful look at East-West trade. It is examining the whole question of strategic controls, including the embargo on trade with Red China.
- Last week the Commerce Dept. granted a license for the shipment of 500 Chevrolets to Bulgaria—something that wouldn't have happened a year or two ago.
- Big American companies, especially those with long experience in world trade, think they feel a changing wind. They expect to see trade channels gradually opened through the Iron Curtain as political differences are settled.

No doubt the Communists will ask to have Western trade controls pretty completely dismantled.

That won't happen, of course. The U. S. will keep some kind of control regulations as long as the Communists remain a real military threat.

But you can expect the controls to be whittled away. The process started last August, when the Europeans got us to agree to cut the embargo list down by a half. And it will go a lot further in the next year.

That still will leave two big hurdles in the way of East-West trade: (1) the shortage of exportable goods in the Soviet bloc; and (2) the difficulty of doing business with Communist state-trading systems.

One thing might produce a sensational break in the whole East-West trade picture—a disastrous harvest in Russia and Eastern Europe.

That could force Moscow to come to the U. S. and Canada for grain. In that case, the whole process of achieving an East-West settlement would move faster than today's most optimistic estimate (page 32).

—•—

Changes are coming in Argentina (page 132), but the revolutionary brew will take a long time simmering. U. S. diplomats and businessmen are anxiously waiting to see what develops.

Washington hopes its be-nice-to-Peron policies won't backfire if the dictator's wings are permanently clipped. Navy leaders have been conspicuously cordial to the U. S.; army men more lukewarm. That could hurt the U. S. position if the navy is purged.

U. S. businessmen, eying the promising potential of the Argentine market, have said "Peron can't last forever." When he and his system go, they say, business opportunities will be tempting. Indeed, a few Americans are right now operating in Argentina on that assumption.

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
JUNE 25, 1955

Argentine army leaders, these businessmen note, have taken a big interest in industry and have welcomed U. S. help. A new government might try to consolidate its position by seeking U. S. support.

It's all speculation now. Don't forget that some factions in Buenos Aires tend to be strongly nationalistic and anti-American. Some soldiers, opposition Radicals, even Peronistas have been dead set against Peron's invitations to U. S. companies to invest in oil, other industry.

Don't forget, too, that foreign capital will probably never again find the freewheeling opportunities that existed before Peron. The national socialism that came with Peron won't change in a hurry.

—•—  
**Note on the British boom:** A Labor politician this week claimed that the British workman is haunted by nightmares of a truck coming to repossess his television set. Chancellor R. A. Butler recalled that this nightmare used to feature headlines, not TV.

**Labor trouble is the big issue in Britain.** It has cost the economy plenty already.

The Cabinet has been talking over possible legislation—along Taft-Hartley lines—with union leaders. The union men don't like the wildcat strikes any more than the government. But they fear they'd lose the rank-and-file if they seem to collaborate too closely with the Tory government.

The Cabinet's ideas include cooling-off periods, compulsory secret strike ballots, a new arbitration system, government encouragement of the profit-sharing schemes now spreading in British business.

—•—  
**Early July—with tourists streaming into Paris—could be the occasion of a major strike of French civil employees.**

The government intends to offer a wage increase. The unions are squabbling among themselves. The leaders think a strike might be the dramatic way to build union power. They want big wage increases.

But no one expects a repeat of the bitter general strikes of two summers ago.

**Watch ex-Premier Mendes-France.** At next week's Radical Party meeting, he'll try to take control of the party away from the conservatives.

This puts the government of Edgar Faure, himself a Radical, in a spot. You see it best in North Africa policy: Faure wants to push through limited self-government for Tunisia. But his own right wing is trying to block him.

Faure may well get his Tunisia treaty through—the French can't afford a government crisis with the summit meeting at Geneva coming up. But he may be out of office by the fall—and Mendes-France back in.

—•—  
**Moscow is trying to match the U. S. in promoting the peaceful use of the atom.**

This week the Soviet Academy of Sciences invited scientists from 40 countries, including the U. S., to a July 5 conference. That's just a month before the U. N. meeting on atomic energy to be held in Geneva.

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JOSEPH CURRAN'S National Maritime Union won a layoff-pay plan this week as . . .

## GAW Begins to Spread

**Other unions in other industries are taking advantage of the Auto Workers' gains. Plans differ but the effect is the same: more heat on Big Steel and others.**

When the Ford Motor Co. accepted the principle of guaranteeing the income of its employees during layoffs, many other managements complained bitterly. They protested that Ford had let labor get its foot firmly in the guaranteed wage door. The crack would be widened by concerted union pressure.

Last weekend, businessmen worried about the probable impact of two new guarantee plans—one adopted by an industry to end a potentially serious strike, the second established quietly by a textile company and its union. Neither plan is patterned after the Ford-United Auto Workers (CIO) program. Possibly one or both would have been adopted regardless of what happened in auto bargaining.

• **Importance**—To management generally, that probability isn't important. The worrisome significance is rather in the fact that, instead of a single plan in a single industry, three plans in three widely different industries can now be cited by labor negotiators in demanding some form of wage guarantees.

The two new plans are those of:

- Atlantic and Gulf ship operators

who agreed, reluctantly, to an "employment security plan" proposed by the National Maritime Union (CIO). This method of providing unemployment benefits to seamen "legitimately out of work" will cost shipping employers 25¢ a day for every crew member.

• American Velvet Co. and the Textile Workers Union of America (CIO), covering some 500 employees in Stonington, Conn. This plan provides that laid-off employees with at least 10-year seniority can get \$40 a week "guaranteed pay" for up to 52 weeks. This plan is an adaptation of a 15-year-old profit-sharing system.

• **Steel Ahead**—These new plans—and the spread of UAW bargaining on the so-called "Ford formula" for guaranteeing pay—got close attention in management circles this week, but they were overshadowed by something bigger: steel bargaining.

Negotiations in basic steel, with its 600,000 employees and pattern-setting importance for industry in general, are limited this year to the wage question. Agreements signed last year run to mid-1956. There is no doubt now that the United Steelworkers (CIO) will place a

serious guaranteed-wage demand before management at that time.

Currently, USW is concentrating on winning a substantial wage increase that will top what Pres. David J. McDonald calls the "7½ in the pocket" value of UAW's Ford and GM settlements.

U.S. Steel Corp. placed an offer before the union this week, but the probability is that bargaining will go down to the deadline next week.

At midweek, Pittsburgh was talking of a settlement on a straight 12½-an-hour raise, plus increased between-job increments adding 3½¢ or possibly as much as 5½¢, lifting USW's average raise to 16¢ or 18¢ an hour. Should this happen, the dissatisfaction indicated within UAW over trading off a bigger raise for GAW (page 158) may lead to shifts in auto union policy. But with new interest being shown in guaranteee plans, it won't mean the end of GAW bargaining.

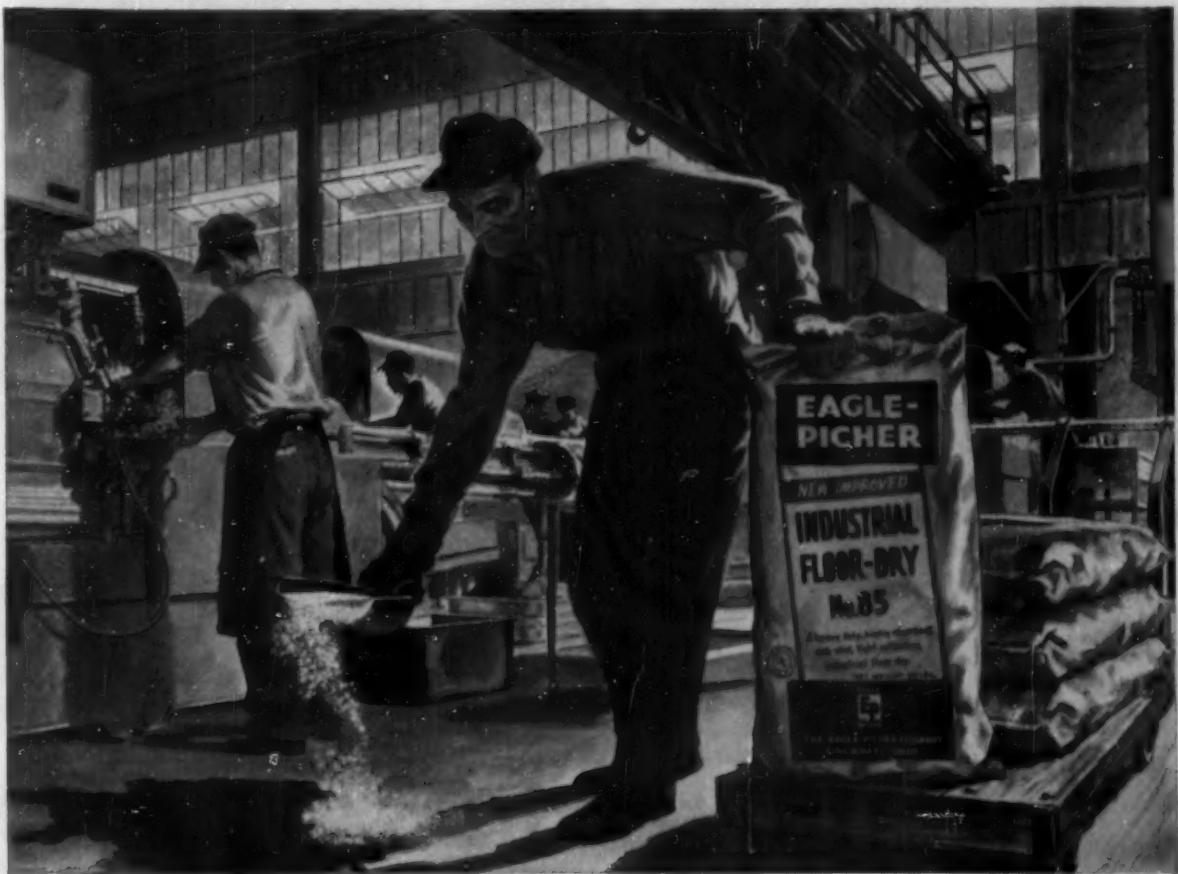
The National Maritime Union's "employment security plan" demand—the basis for a short Atlantic and Gulf Coast shipping strike—was not worked up quickly. NMU wasn't riding the UAW train but was moving on its own in the same direction of guaranteed income during layoffs.

• **The Aim**—The seamen's union served notice in February that it intended to negotiate a "guaranteed annual employment insurance" program this year (BW—Feb. 12 '55, p142).

Ship operators resisted the demand although many—the large passenger and dry cargo lines—receive government subsidies, which help them out of any tight labor cost squeeze. The firm employer position at the start of bargaining was widely attributed to a tough attitude in Congress on subsidies, and to increasing complaints from unsubsidized operators that the big lines have been giving in too easily to NMU—setting "bankrupting" pay patterns for smaller operators.

Contracts ran out on Atlantic and Gulf coasts on June 15 without an agreement being reached. NMU seamen quit work. Some 700 ships either were tied up or faced tieups at the first port of call.

• **The Settlement**—Passenger and dry cargo ship operators settled quickly for a "compromise" plan giving NMU basically what it had asked: industry-financed layoff pay—expected to be \$40 a week—for involuntarily unemployed seamen unable to qualify for state benefits (about half of NMU's 40,000 total) or the difference between state benefits and the contracted amount for the others, with payments expected to con-

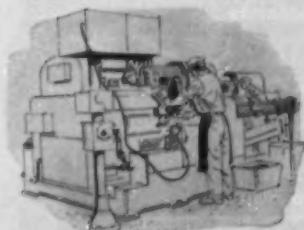


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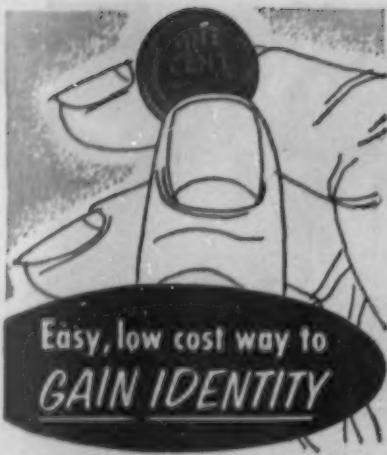
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tinute for as long as 26 weeks of idleness.

Operators won an NMU stipulation that the guarantee plan should not be used to increase labor turnover. This is an employer-demanded safeguard against seamen refusing to sign for a second trip after completing one voyage, and then collecting benefits as "unemployed" a week or so later.

The American Velvet-Textile Workers Union of America (CIO) cushion against unemployment is provided as a modification of a profit-sharing plan in effect since 1940. TWUA calls the result the first GAW plan in the textile industry. Actually, it's far from a GAW plan in its present form.

• **Based on Profit Fund**—American Velvet puts 27% of its annual profits before taxes into two profit-sharing funds—18% into one divided among employees at Christmas, the other 9% into a pension fund in which nearly \$1-million has accumulated.

Up to now, money in the trust fund for each employee could be touched only on retirement or if the employee quit, was discharged, or "retired" his account to get emergency cash. In the last three instances, he could collect half the money accrued in his name, and the remainder reverted to the fund, to be credited to remaining workers.

Under the new plan, 10-year workers (one-fourth to one-third of the total) will be able to withdraw from their accounts, in the event of layoffs, the difference between Connecticut unemployment compensation and \$40 a week for as long as state benefits are payable, and a full \$40 a week thereafter for up to 52 weeks in all. TWUA's GAW

claim is based on the fact that the 10-year worker is thus assured \$40 a week for a full year, if laid off that long.

However, the money withdrawn from the American Velvet fund during layoffs reduces the equity the unemployed worker has in the pension fund—in effect, a savings account for his future.

Meanwhile, in Detroit, American Motors Corp. and UAW are getting down to serious bargaining on a contract to replace one expiring Aug. 12. The auto union wants the Hudson-Nash producer to match—perhaps better—the terms of Ford and GM settlements. Before new secrecy wraps dropped over Detroit bargaining sessions, AMC made clear that it hopes to avoid "pattern" negotiations.

• **Key Debate**—What happens in the AMC bargaining may be the key to how the "Ford formula" will be adapted to smaller companies both in and out of the auto industry.

One small UAW employer, Barcy-Nicholson Co. of Detroit, with only 60 on the payroll, was the first of the little firms to accept the "Ford formula" for unemployment compensation supplements. This maker of small auto stampings agreed to put 5¢ per hour per employee into a trust fund (with no maximum) from which payments will be made on the same basis as at Ford and GM, beginning after one year.

The company specified, however, that it was accepting the plan provisionally: Should its added labor cost affect the company's competitive position in the industry, Barcy-Nicholson will petition UAW for a pay cut.

## Will New Raises Pull Up Living Costs?

It Could Happen Although for the Last Three Years . . .

1947-49 = 100

150

100

120

140

160

180

200

Hourly Earnings  
Climbed Steadily

While the Cost of Living  
Stayed on a Plateau

Data: Dept. of Labor

1951 1952 1953 1954 1955

BUSINESS WEEK



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SETUP FOR CONSULTING: These key home office people help Martin E. Segal (seated, left, with partner) steer 500 welfare and pension funds; his business is . . .

## Setting the Course for Funds

Martin E. Segal, the 38-year-old man with dark hair and glasses in the foreground above, left school at 15 to go to work for a general insurance broker. Two years later he was selling insurance. In 1939 he took himself into the group insurance business as a consultant.

At first he met with little success. Then came wartime wage controls, which gave a big boost to welfare and pension plans—and started Segal's business and others like it on an upward climb. Today, Segal's firm, probably the largest of this new breed of pension and welfare consultants, employs more than 80 people and is retained by over 500 funds covering more than 2-million employees and dependents. About 20 of his employees work in the Chicago and San Francisco branch offices, the rest in the New York home office.

• **Variety**—Segal estimates that upwards of \$500-million annually is paid into the funds by which his firm, Martin E. Segal & Co., is retained. The clients represent a wide variety of industries, ranging from dairy and baking groups, building and construction to the pension and welfare funds of the American Federation of Television and Radio Artists—which cover such people as Frank Sinatra, Jackie Gleason, Dinah Shore, and Bud Collyer.

This diversity is not accidental, but intentional, says Segal. It pays off by

giving his staff broad experience that is useful even when the industries seem totally unrelated. They found, for example, that what they learned in the building and construction industry from the constant movement of covered employees from one employer to another was equally applicable in the radio-television field.

### I. Why Consultants?

It's not hard to see where the clients for firms such as Segal's are coming from. The U.S. Dept. of Health, Education & Welfare has just released a survey that tells part of the story. It shows a sharply rising trend in the number of self-insured health plans operated by unions. It also points up changes in the funds—improvement of existing benefits, extension of benefits to dependents.

As another sign of the times, the State of New York has announced that 75% of the 4.5-million workers covered by the state's unemployment insurance are also protected by health and welfare plans.

These two studies document the vast expansion taking place in welfare and pension programs.

The programs have two broad purposes. Welfare funds usually provide some form of insurance covering employees' medical and hospital expenses, sickness and accident benefits; and

often they include life insurance. Pension plans are set up to allow employees to retire on a regular income to supplement their savings and federal social security.

• **Bewildered**—But why can't the trustees, men with some experience in business or in union financial matters, manage their own fund without outside help?

The average trustee, whatever his business experience, usually has little knowledge of insurance or actuarial principles, and is sometimes bewildered by the problems posed in taking money into the fund and safeguarding it so future benefits may be paid.

Take for example two trustees of the Milk Industry-Drivers and Dairy Employees' Unions Pension and Welfare Fund, located in New York. These two men, Robert E. Crowley and Lawrence W. McGinley, may be considered above the average in fiduciary experience.

Yet Crowley, although he is a financial vice-president of Sheffield Farms Co., says he knew very little about the technicalities of insurance and actuarial accounting. He believes the fund's consultants "have really shown us the details and background of insurance."

McGinley is president of Local 680, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America (AFL) and has been a union official for some 21 years. He echoes Crowley's view.

The milk industry fund last year took in \$2,250,000 and paid \$2,218,000 in premiums. The fee for Segal's consultation services was \$15,000.

• **Employers and Unions**—Consultants whose clients are primarily employers are far from new. A New York actuarial consultant, George B. Buck, advised employers on their pension problems as early as 1912. Other firms that came early into the pension consulting field included Coates, Herfurth & England, of San Francisco and Los Angeles; Woodward & Fondiller, of New York; Arthur S. Hansen, of Lake Bluff, Ill.; and A. G. Gabriel, of Detroit.

Since that time unions have gained a bigger voice in benefit plans. The Taft-Hartley Act required that all collectively bargained plans be jointly administered by union and management. And the "fringes" of health, welfare, and pension benefits have become popular union demands.

This drive has produced a growing number of multi-employer benefit plans that are collectively bargained and jointly trusted by a board of management and union representatives. And it has provided the soil in which the consultants have flourished.

As the murder of Thomas Lewis, New York labor leader, revealed, not all of those attracted to the field were

savory citizens (BW—Feb. 12 '54, p164). But most of the new consultants are legitimate businessmen in a business for which there is a real and legitimate need. One of the first to see the possibilities for consultants in the area of collectively bargained plans was Segal.

## II. How You Consult

Segal's services may begin while bargaining is still going on over a benefit plan. His services are available at this stage either to an employer or to a union. He advises on how much money it will take to provide the desired benefits, or on the maximum benefits that can be obtained with a certain level of contribution to the fund.

Mostly, though, Segal is called in by the fund trustees after the amount of contributions or benefits has been established.

After he is retained by a fund, Segal's basic service is a package in three parts:

- Advice before a plan is set up.
- Aid in actual formation of a fund.
- Continuous assistance and advice during operation.

Usually there is a contract signed by the trustees, and this may run from two to ten years.

• **Preparing the Plan**—In 1953, the trustees of the National Bakery & Confectionery Industry & Union Welfare Fund came to Segal for help in setting up a fund to cover most of the large national baking companies.

Here is how Segal's firm worked with them:

First, his staff of experts sat down with the trustees to outline the steps that had to be taken.

Then the firm's various departments moved in—aiding the fund's lawyers in drawing up the trust agreement and the structure of the fund—setting up a system of handling fund contributions—installing special bookkeeping and accounting procedures—getting appropriate equipment.

With these preliminaries accomplished, Segal's actuaries analyzed the employee group to determine what benefits could be provided at what cost. The firm then sent specification letters to insurance companies setting forth the fund's requirements—and analyzed the bids received.

This analysis of competitive bids is probably one of Segal's most important services. Insurance carriers differ in their retention fees—the amount they hold out of each premium to cover such charges as commissions, taxes, contingency reserves, and other expenses. These fees may vary as much as 10% to 15% on bids for the same fund. Since most companies will not guarantee their retention estimates, it is important for



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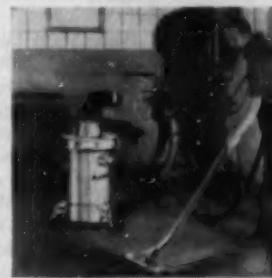
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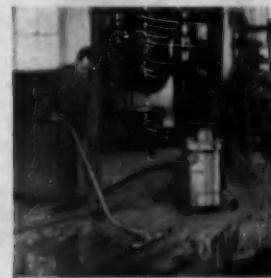
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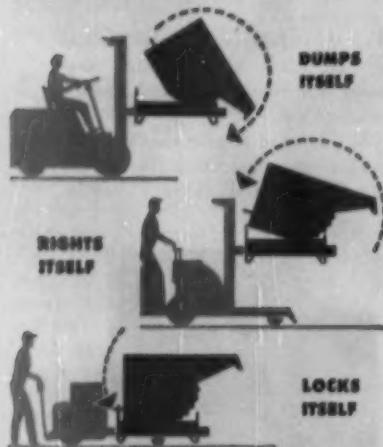
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**FUNDS** starts on p. 154

the trustees to know exactly what each estimate covers.

• **Pensions**—When the consultation concerns a pension fund, many preliminary steps are the same as for a welfare fund. But pension funds, such as the one set up last year for the Guy F. Atkinson Construction Co., must have Treasury Dept. approval for tax exemption.

Another vital question for pension funds is whether to buy insurance or to self-insure (BW-Apr. 2 '55, p77). A self-insured plan usually invests the money directly or through a bank, and pays claims directly from the fund. An insured fund may either buy individual group annuity policies, or put the money into a pool for purchasing annuity policies as claimants are ready to retire.

Segal will set up eligibility rules, and will submit specification letters to insurance companies or banks.

He will also advise on investment policy. At present, his view of sound policy—and that of the vast majority of students of the subject—favors putting 25% to 35% of a pension fund in common stock, the rest in government, municipal, and corporate bonds, and in real estate.

• **Setting Up the Plan**—Segal takes no part in choosing the insurance company or bank to be dealt with. Once the trustees decide that, he helps get the plan going. For the bakery welfare fund and the Atkinson pension fund, his firm performed such services as designing claims forms, establishing claims procedure, setting up a system for determining the fund's "experience rating" (which affects dividends and renewal rates), supervising preparation of explanatory pamphlets.

• **Keeping Tabs**—Once the plan is working, Segal will ride herd on it as long as the trustees retain him. He consults with the trustees on any and all phases of operations, makes special studies, keeps the trustees posted on changes in laws or insurance regulations, provides detailed year-end reports. These usually serve as the basis for a trustees' report. If insurance dividends or renewal rates seem out of line, Segal's firm negotiates for adjustments. Pension plans also get actuarial advice on tax exemption and on tax deductions for contributing employees.

Though Segal usually works through from the beginning, he is more and more frequently being called in on already operating funds. He looks for

this business to grow, thinks there's more concern now with technical details of welfare and pension plans.

In one recent California case, the trustees of the sheet metal industry's fund say that Segal's firm saved the fund \$125,000 in gross premiums in one year, plus \$20,000 more through recommended administrative changes. The charge for services was \$4,000.

### III. Advice Is a Business

Welfare-pension consulting is a highly competitive field. And the consultants themselves divide into two schools on their proper function. The bone of contention is payment of brokerage commissions by insurance companies. Consultants who render only actuarial services argue that since they accept no commission they save the fund this cost, and also have no stake in which company is chosen.

Segal, whose firm is also licensed as an insurance broker, replies that under the law the vast majority of insurance companies have to charge a commission to the customer, even though none is actually paid to the broker. That's because they are not allowed to discriminate between customers; if a commission is once charged to a customer, all customers must be similarly charged. Segal contends that the non-broker consultant, who can't legally accept a commission, may be inclined to favor companies that don't pay one, though their costs may be higher. (It's mostly the non-profit organizations dealing in hospital and group health, and some mutuals, that don't pay commissions.)

• **Fees**—Since a commission must be paid, Segal's policy is to accept only the minimum and, where necessary, also charge the fund a fee to cover his charges. Fees range from \$400 up to in one case—\$60,000. Much of the time, commissions don't cover his full fee. For this reason, and because most of his pension clients are self-insured, Segal estimates that over 75% of the firm's income is from fees. He is on record as advocating abolition of the mandatory commission.

• **Competitors**—Though Segal and other consultants do not compete directly with banks and insurance companies, "their interests are not always the same." Bankers and insurance men in general admit there is a place for the consultant welfare programs. One unsold banker expressed the opinion that any discussion of the growing consulting business would just be "giving those fellows a lot of free publicity."

Most insurance companies and banks, however, profess approval in general of the services performed by most consultants—but show considerable pique in specific cases when these services cost them profitable accounts.

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## The Why of Auto Walkouts

Strikes that swept through plants of the two major auto companies during the past several weeks have ebbed, but there is still speculation over the real reasons for the industry's worst outbreak of labor troubles in at least five years.

In Detroit and in Washington, particularly, the big unanswered question is whether the unrest that followed auto settlements indicates rank-and-file dissatisfaction with what the United Auto Workers (CIO) calls the "largest economic package that we ever negotiated."

• **Strike Wave**—The stoppages that seriously disturbed production first at Ford Motor Co. plants and later at those of General Motors Corp. came in two waves. The first hit just before bargaining deadlines, the second and heaviest after Ford and GM initiated new "historic" agreements with UAW.

At the peak, Ford reported 74,000

of its 140,000 workers idle in 37 plants. GM at one time had a total 134,690 of its 325,000 workers idle because of strikes, and 40 of 119 plants closed down.

UAW statements on the walkouts were, if anything, more critical than management's. Walter Reuther, president of the auto union, sent strongly-worded orders to strikers, calling on them to return to jobs, and warning that those failing to do so would lose union protection should employers take disciplinary action against them.

• **"Just a Stroll"**—The first wave of strikes was minimized by almost everyone. Unauthorized walkouts always increase in midyear, and plague both employers and union leaders. A mass yearning for a little extra time off seems to be the reason behind spontaneous decisions to quit jobs over anything or nothing. Some labor experts were inclined to discount the significance of



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the walkouts, pointing out that a five-year, no-strike contract gave militant and high-spirited unionists no earlier opportunity of letting off steam.

In addition, negotiations between both Ford and GM and the auto union went to a contract deadline. Whenever that happens, some locals can be expected to jump the strike gun. Particularly, it happens when—as in the cases of Ford and GM—the deadline negotiations are going on during a contract extension, and when there has been a union campaign to build up sentiment for a solid walkout.

Whatever the reason, "impatience strikes" broke out during the final stages of both Ford and GM negotiations, apparently without UAW's blessing. Unionists at one GM plant said they had just agreed to "take a stroll" until the corporation decided to "quit stalling and sign up." Their walkout was leisurely and goodnatured. It was typical of most—before the settlements.

• **How Serious?**—The Ford and GM strikes did not end with the announcement of terms of the new contracts. Instead, walkouts spread. They could no longer be considered just the reaction of impatient unionists to slow-moving negotiations. They now had to be taken seriously.

Just how seriously depends upon two things:

- How much real anger and how much for-the-record protest was behind skilled workers' strikes.

- Whether an assortment of somewhat fuzzy local issues (including a demand for a milk vending machine in a Chicago production room) really prompted walkouts that spread through GM plants, or whether they were prompted more by a belief that the new contract gives workers very little—in economic terms—they didn't already have.

Initially, most interest centered on the skilled workers' strike. The group—a small minority in UAW—has long contended that its interests have been submerged in those of the unskilled and semiskilled workers. It asked for a 30¢-an-hour raise this year, and UAW negotiated an average of 8¢ to 10¢ an hour more for skilled men than for the others. The protest strikes followed, with the skilled workers charging their added pay hike wasn't enough.

• **Pay Yearnings?**—When post-settlement production workers' walkouts swept through GM, UAW described the situation (without condoning it) as a case of workers "blowing off steam." The union said that rank-and-filers, brought to a stage of hot-tempered militancy during negotiations, had simply quit—without authorization—over "bad local working conditions and unresolved grievances."

Many work conditions in GM plants

are covered by supplemental agreements negotiated on the local level. According to UAW, the stoppages that involved nearly half of all GM workers were caused by the failure of local negotiators to reach agreements on supplement terms before the national contract was signed.

Seniority in firing and rehiring, shift preference rights, wage inequity claims, overtime rules, and assorted other issues—including a claim by GM Willow Run workers for 15¢ an hour "travel pay" to compensate them for the 90-mile round trip between homes and plant—were the issues publicized as behind the GM walkouts. Pay grumbling in strike centers over the failure to get "a real raise" raised questions of whether the publicized issues were the real ones.

When the Ford contract was negotiated, workers, in many instances, accepted it without fully understanding what it offered them. Reuther placed the settlement value at "in excess of 20¢ an hour," and rank-and-filers bought the package.

In the week between the Ford and GM settlement, many local leaders took closer looks at the "package" negotiated, and the first GAW enthusiasm waned somewhat. Strikes followed the GM-UAW agreement on similar terms.

### LABOR BRIEFS

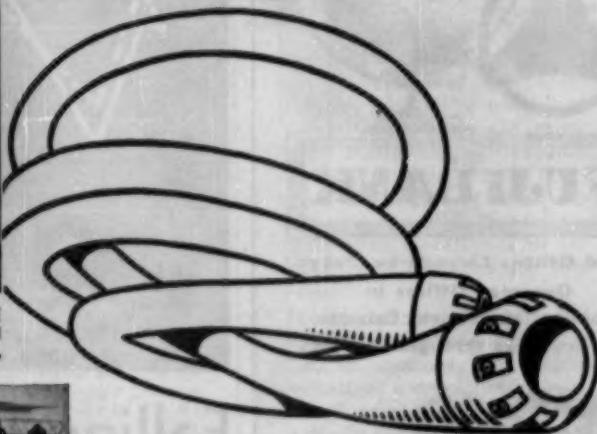
The union shop clause just added to the General Motors contract (BW-Jun. 18 '55, p. 164) will require about 17,000 non-union hourly rated employees (about 5% of the total) to join the United Auto Workers (CIO) as a condition of employment. Under past contracts, only newly hired workers had to join UAW, and even these could withdraw after a year.

Industrywide bargaining should be tried out in the auto industry, Henry Ford II proposed this week. While denying Ford collusion with General Motors in bargaining this year, he said he would like to see all auto manufacturers negotiate jointly with the United Auto Workers (CIO) on economic issues, leaving local problems to individual bargaining. UAW's Walter Reuther retorted quickly that it would "make small crises into big ones." From GM and Chrysler Corp., no comment.

Joint negotiations with AFL's Amalgamated Meat Cutters and CIO's United Packinghouse Workers were refused by the nation's meat packers, on grounds that since there are separate contracts there should also be separate negotiations.



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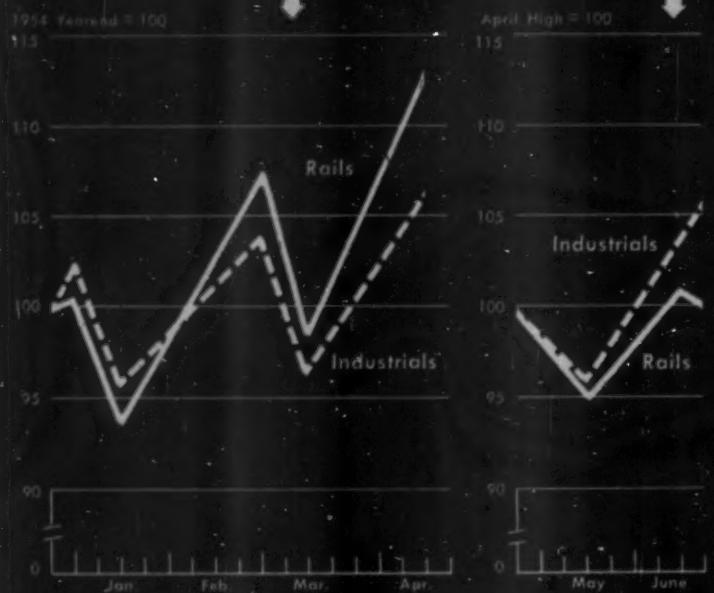
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## THE MARKETS

### The Rails:

Their Early Strength

Has Vanished Lately



## Falling Out of Favor

This week, one question hammered through Wall Street with increasing intensity: What's wrong with the rails?

It was hard to come to a solid answer at midweek, despite Wednesday's strong showing. Most often heard is the theory that the guaranteed annual wage settlements in the automobile industry have focused the market spotlight on inflation stocks (page 25). Neither investors nor traders count rails in this category except when they are selling at "hock shop" prices.

There's fear, too, of effects on earnings if rail workers win wage increases. These can't be passed on to the consumer the way steel wage hikes can, because of government regulation of the rail rates.

• **Already High**—Besides, the rails have already performed very well, despite their recent letdown. They were, in fact, the market leaders as a group for several months (chart, above). It may be that their steady rise in the first half cuts their chances of further market appreciation.

• **Earnings**—Still, to many observers, these reasons don't pack enough weight to override what looks like the second best postwar earnings year for the rails.

Standard & Poor's estimates that rail earnings will total \$825-million this year. That would be 22% above last year's poor mark and not much below 1953, the top postwar year.

This week, the country's largest carrier, the Pennsylvania RR, announced that its net earnings for the first five months of this year, as well as for the month of May alone, had set 10-year records. May earnings were nearly 70% better than May, 1954, and net for the five months totaled \$16.3-million, compared with a \$681,124 deficit in the first five months of 1954.

As one rail analyst sums it up, "The atmosphere is good in the rails. Costs are caught up with, there is a good flow of traffic, financial factors are good and improving, with better yields through higher dividends in prospect."

"Yet," he marvels, wonderingly, "nobody's buying 'em."

• **Big Investors**—One technical reason why the rails are no longer getting a play is that many institutions have cooled off on them. They are putting their money into either "faster movers" or "safer" stocks than most rails are expected to be. And, of course, some institutions, notably life insurance com-

panies, with hefty rail holdings in the early 1930s, remember how they suffered through the widespread reorganizations that followed the stock market crash.

• **Laggard**—There is a corollary of the recent price weakness in rails that worries some Streeters. This is the failure of the rail index to ascend to a new bull market high, thus confirming the high hit by the industrials (BW-Jun. 18 '55, p180). This confirmation, according to the Dow theory, would be

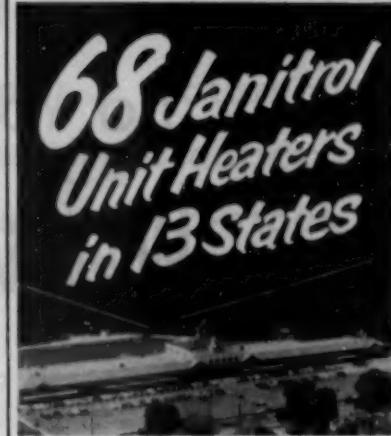
the signal for a new upward move.

Lack of confirmation wouldn't, on the surface, seem too important, because most Streeters regard the Dow theory as having been tested by history and found wanting. In 1946, for instance, the rails confirmed the industrials' high in midsummer, but the market slumped sharply a couple of months later. Yet Wall Street is ingrained with a "Dow psychology"—a feeling that many investors still act in accord with the theory.

## The Stock Market: 1955 Box Score to Date

Stock Group	1954 Close	1955 Range		Recent Level	1955 High	Recent Level as. Close
		High	Low			
Agricultural machinery	180.3	191.6	173.8	191.6	0.0%	+ 6.3%
Aircraft manufacturing	549.4	629.3	489.8	518.0	-17.7	- 8.7
Air transport	549.4	668.9	502.3	640.9	- 3.3	+17.7
Aluminum	669.7	1025.5	645.2	983.7	- 4.1	+46.9
Automobile	338.8	361.1	329.6	361.1	0.0	+ 6.6
Auto parts, accessories	231.2	255.1	227.7	254.5	- 0.2	+10.1
Auto trucks	163.5	204.3	166.8	201.4	- 1.4	+23.3
Building materials	278.7	332.0	276.9	332.0	0.0	+19.1
Carpets, rugs	119.6	130.0	119.4	128.0	- 1.3	+ 7.0
Chemicals	368.7	440.3	350.0	440.3	0.0	+19.4
Cigarette manufacturers	83.0	87.9	79.0	83.0	- 5.6	0.0
Cigar makers	163.1	177.8	156.0	177.4	- 0.2	+ 8.8
Coal—bituminous	549.0	631.4	523.3	631.4	0.0	+15.0
Confectionery	182.5	189.6	146.4	188.6	- 0.6	+ 4.0
Containers—glass	166.3	198.0	164.5	189.2	- 4.4	+13.8
Containers—metal	151.1	146.3	133.5	146.3	0.0	- 3.2
Copper	241.0	283.5	230.4	283.5	0.0	+17.6
Distillers	473.5	488.8	434.7	485.9	- 0.6	+ 2.6
Department stores	331.9	370.3	323.4	370.3	0.0	+11.6
Drugs—ethical	199.3	238.8	193.9	217.0	- 8.0	+ 8.9
Drugs—proprietary, cosmetics	229.0	258.0	220.7	255.8	- 0.9	+11.7
Electrical equipment	333.3	378.1	344.6	373.3	- 1.3	+12.0
Fertilizers	601.4	585.7	538.5	538.8	- 8.1	-10.5
Finance companies	259.8	286.7	253.9	286.7	0.0	+10.4
Fr. 10s, \$1 chains	128.2	131.4	123.0	123.4	- 6.1	- 4.5
Food companies	204.6	215.4	202.0	215.4	0.0	+ 5.3
Gold mining (U. S.)	75.4	75.2	65.0	65.1	-13.4	-13.7
Lead, zinc	107.4	119.7	104.2	119.7	0.0	+11.5
Leather	168.7	208.8	172.7	186.7	-10.6	+10.7
Machine tools	334.6	365.8	314.2	338.1	- 7.6	+ 1.0
Machinery	232.4	265.7	227.8	265.7	0.0	+14.3
Mail order, general chains	327.0	377.0	324.4	377.0	0.0	+15.3
Metal fabricating	314.9	350.9	307.6	345.0	- 1.4	+ 9.9
Mining, smelting	177.3	211.7	175.4	211.7	0.0	+19.4
Motion pictures	259.0	272.7	242.6	269.9	- 1.0	+ 4.2
Natural gas	270.5	304.5	275.1	297.3	- 2.4	+ 9.9
Offices, business equipment	470.3	573.9	462.1	573.9	0.0	+22.0
Oil—crude producers	943.5	940.4	854.2	940.4	0.0	- 0.3
Oil—integrated companies	418.7	460.6	409.7	460.6	0.0	+10.0
Paper	1183.3	1455.4	1130.3	1455.4	0.0	+23.0
Printing, publishing	174.6	183.4	163.4	169.9	- 7.4	- 2.6
Radio-TV, electronics	418.2	515.6	405.3	512.5	- 0.6	+23.4
Railroad equipment	137.4	150.2	133.1	146.1	- 2.7	+ 6.3
Rayon, acetate yarn	365.9	392.0	330.1	392.0	0.0	+ 7.1
Shipbuilding	392.0	579.5	389.8	512.6	-11.5	+30.8
Shipping	624.4	693.1	627.8	693.1	0.0	+11.0
Shoes	142.4	152.1	141.9	152.0	- 0.1	+ 6.7
Soups	296.2	301.2	278.7	303.7	- 2.8	- 1.2
Soft drinks	115.5	129.3	116.1	129.3	0.0	+11.9
Steel	351.0	442.4	341.8	442.4	0.0	+26.0
Sugar	142.4	135.7	120.0	130.8	- 3.6	- 8.1
Sulphur	438.9	475.6	418.4	475.6	0.0	+ 8.4
Textile weavers	279.9	285.2	264.2	273.6	- 4.1	- 2.3
Tires, rubber goods	875.1	1040.7	836.0	1040.7	0.0	+18.9
Utility operating companies	168.1	179.1	167.8	179.1	0.0	+ 6.5
Utility holding companies	285.4	309.5	284.4	303.8	- 1.8	+ 6.4
Vegetable oil	259.8	280.0	229.0	235.8	- 6.0	- 9.4

Data: Standard & Poor's Corp. Weekly Stock Price Indexes (1935-39 = 100).



• Eastgate Shopping Center, Akron. Architect: E. Vance Florance, A.I.A. Gen. Contractor: Rottmager Const. Co. Unit Heaters: R. A. McConnell, Inc.

Janitrol Unit Heaters have many obvious advantages, including low initial cost, economical operation and minimum maintenance. But only Janitrol has the Multi-Thermex "heating heart" with the amazing record of durability. Since 1940, less than 1/4 of 1% have been replaced for any cause!

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Do you have the *right* scales in the *right* places? A modern *Weighing System* works hand in hand with your accounting system and makes a *big* difference in helping you win your war on costs. Weight records that originate at scales flow to the accounting areas and directly affect costs, inventories and customer billings. Weighing errors cannot be corrected later—weights must be right the *first* time. That's why it's more than ever important to think of weighing not in terms of isolated scales, but as a vital part of your overall cost-control system.

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WEIGHTS**

New Toledo Printweigh Scales meet your needs today for closer cost control! Stop human errors in reading, remembering, recording... provide accurately printed weights with split-second speed... accurately recorded!

## Wall St. Talks . . .

... about steel price boost ahead . . . atom profits are remote . . . an offering of long-term governments.

Look for the Treasury's upcoming financing operation to include an offering of perhaps as much as an additional \$1-billion of the 40-year 3% bonds. That's the advice of some smart Street money-market experts. The only detail still undecided in this connection, they claim, is whether the offering of such long-term bonds will be on a cash basis or as an exchange for maturing obligations.

Steel price boosts between \$5 and \$6 a ton will be the end product of industry wage negotiations, many smart Streeters believe. The way they figure it, the steel workers will win pay boosts between 12¢ and 15¢ an hour; each penny per hour will add about 40¢ a ton to production costs.

Years may pass before business generally reaps any profits from the private development of nuclear power. That's the opinion of Edgar H. Dixon, of Dixon-Yates fame. Dixon, who is president of Middle South Utilities, Inc., and chairman of Edison Electric Institute's atomic energy committee, says, "There are still many development dollars to be spent and equipment manufacturers will continue to pick up the check for many of them. So will the utilities, engineering firms, and chemical companies. . . ."

Don't be misled by "market statements" like this one about the Ford-GM "GAW" settlements: "pretty soon another \$205-million will be looking for full employment—mainly in stocks." On the contrary, a UAW spokesman says, "At no time during . . . [the fund's three-year life] . . . can this money be invested in the stock market." What's more, it will probably take about three years to build the funds up to specified limits.

Market letter gleanings: "Continue to expect selective action in individual stocks with very little further advance in the averages . . . [and] . . . take profits on strength in trading accounts." (Walston & Co.) . . . "The resurgence of inflationary sources has spurred institutional demand for equities . . . [and] . . . promises . . . a brisk summer rise." (Hornblower & Weeks) . . . "Much of the market looks 'tired' and a pause or reaction seems in order." (A. M. Kidder & Co.)

WHAT'S NEW IN MOTOR CONTROL? ★ ★ ★ GET IT FIRST IN CUTLER-HAMMER

Now industry's three-phase motors  
can have full three-phase protection  
with standard in-stock  
motor control!



Many motor users have proved *two* overload relays are inadequate protection for three-phase motors. In fact, widespread motor burnouts due to inadequate motor protection have caused amendment of Section 4327 of the National Electrical Code. The code now permits authorities to *require* three overload relays in three-phase motor control... and this provision is already being enforced in some areas. Many safety experts and power engineers say the time is not far off when three-phase motor control with less than three overload relays will be unacceptable.

The use of three overload relays is not new. Many industrials plagued by recurring motor burn-outs and the resulting intolerable operating interruptions have changed to three-relay control. But such changeovers have been slow to effect and costly as no standard control was available with three overload relays. Special constructions and enclosures have always been required.

The BIG news today is that this is no longer true. The new Cutler-Hammer ★ ★ ★ Motor Control offers *three* overload relays in all standard starter constructions and enclosures. You pay only for the third relay, nothing additional for special engineering or manufacture. No extras. No delays. It is *in stock* at your nearby Cutler-Hammer Authorized Distributor. Order it today and use it tomorrow. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wis.



For designers of machines  
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The unit panel construction of Cutler-Hammer ★ ★ ★ Motor Control makes it easy to incorporate starters with three overload relays. Starters mount in place with only three screws, require no more space than starters with only two overload relays. NEMA Sizes 0, 1 and 2 starters and all parts thereof are now available as components. Also a complete companion line of control relays with quickly interchangeable NC-NO contacts. Be sure you have the latest design data on this advanced equipment. Write or wire today.



# COLORS that roll on dry!



Seal, protect, preserve; identify, decorate, code—these are among the hundreds of uses for "SCOTCH" Brand Plastic Tape. This versatile tape comes in eight vivid colors, plus transparent . . . sticks at a touch to any clean, dry, surface. It is thin, tough, stretchy . . . is unaffected by acids, greases, salts, and most common commercial solvents. Use it, among other things, as a positive moisture seal. Your tape distributor has "SCOTCH" Brand Plastic Tape; or, write us for further information.

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**MARK LANES** for traffic, and storage with "SCOTCH" Brand Plastic Tape No. 471. Tape lasts up to two years; speeds materials handling; improves efficiency.



**SEAL** containers against dirt, dust, moisture with "SCOTCH" Brand Plastic Tape. Thin, stretchy tape conforms to container lids; eye-catching colors decorate, too!



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# PERSONAL BUSINESS

BUSINESS WEEK  
JUNE 25, 1955



An increasing number of executives are having their portraits painted—either for personal or for business reasons. It has become a popular sign of achievement in both business and society.

Experts say that the safest method of getting a good job done is to hire a specialist in the field of portraiture. Generally, he will produce a better likeness than even the most distinguished artist in another field.

Best way to find such an artist—if you don't have one in mind—is to check with the director of your local art museum. Chances are he will refer you to Portraits, Inc., of New York—the only U.S. art gallery maintained exclusively for portraiture. It has some of the country's outstanding portrait painters (several specialize in portraits of businessmen exclusively).

Most of the good U.S. portrait artists are in the East—particularly New York and Boston. But through Portraits, Inc., you can make arrangements for the artist to come to your city. Here's how it's done:

The gallery maintains a complete file of photographs of portraits by their artists. It forwards these files and biographical data to the client. From these he selects the artist he prefers.

Then a "contract memorandum" from Portraits, Inc., confirms your choice of artist, schedule of sittings, and price. You are free to cancel or change this to fit your schedule.

It's wise to plan ahead—the demand for good portrait artists exceeds the supply. There could thus be a delay of two or three months before the artist of your choice can start work on your portrait.

**How much will a portrait cost?** In general, the artist's reputation will determine the price; it can be as little as \$500 or as much as \$6,000. However, price is not necessarily a guide to quality. Some of the best and most popular artists keep their prices down to increase the number of their commissions. (Most executive portraits fall in the range of about \$1,500.)

These prices are all for the so-called "three-quarter" size—either 30 in. by 36 in., or 30 in. by 40 in. Life-size portraits can cost as much as \$10,000. But they are seldom executed, particularly for businessmen, simply because they are too big. On the other hand, a good portrait should never be smaller than 25 in. by 30 in.

In addition to the price of the portrait, you should plan on paying the expenses of the artist if he comes from out-of-town. If he has another commission in your city, his expenses may be divided between the two.

**A portrait can usually be completed in a two-week period.** Sittings can be arranged to fit your own schedule. You can count on spending a minimum of two hours each in from five to eight sittings. If you can't afford the time, artists will work from a photograph. They don't like to; it's not so effective or successful as working with a live subject.

**A big factor in the success of your portrait is your own attitude.** You and your artist must be compatible; cooperate and be willing to sit for him. Otherwise the painting won't be good—no matter how skillful the painter.

**Casual dress is usually in order** these days for a portrait. It lends realism and conveys the basic personality of the subject. However, the purpose of the portrait and where it will be hung should have some effect on dress.

# PERSONAL BUSINESS (Continued)

BUSINESS WEEK  
JUNE 25, 1955

**What happens if you don't like your portrait?** You don't have to accept it—in fact, the painter wouldn't want you to. His artistic integrity and reputation are involved. It doesn't speak well for him unless you are pleased with his work.

**Once you do accept the portrait, don't overlook the importance of a frame.** The artist will recommend one that fits in with the setting in which the portrait will hang. Most frames for such portraits cost about \$150, although you can get one for as little as \$75.

—•—

**Walking shorts are on the way to becoming almost standard summer apparel for men.** Note that this year you can buy three-piece suits—regular trousers and jacket, and a pair of matching walking shorts.

**Considering that men are notably conservative by nature when it comes to clothing, this is quite a swing.** Mainly responsible is the huge growth in suburban life. But experts figure that it won't be long before shorts are common on city streets and in offices.

**Shorts are considered good taste both at casual and semiformal social functions—in all colors, patterns, and materials.** Style generally calls for long hose—stockings that come just below the knee. Tan is good for casual wear, for example; dark gray or charcoal is best for formal evening wear.

However, you'll be breaking no rules of etiquette if you prefer to wear your regular short socks. Although they are more casual, they are also more comfortable.

**If your shorts are colorful, wear either a plain-colored shirt or a shirt to match the shorts.** Get a colorful belt—stripes, tartans, Madras, foulard—to tie the costume together. A good type of footwear is the moccasin or loafer. Also, note that there's a trend back to the saddle-shoe. You'll be in good taste wearing them.

As an odd jacket for evening wear, you'll find that natural or white linen, or a blue blazer, goes well with shorts of almost any pattern or color.

—•—

**Hammond's new Ambassador World Atlas (\$12.50)** is one of the most detailed ever published for general use. It has 100,000 entries, 151 pages of color maps, descriptive paragraphs of about 2,500 world cities.

—•—

**Note for small-boat owners:** "Wheel-A-Boat" is a sort of built-in trailer, whose wheels retract to about the height of the gunwales when the boat is in the water. It is said to simplify launching, landing, parking, and storage. It will be available this summer for boats up to 16 ft.

—•—

**Manners and modes:** One auto maker reports that 40% of its 1955 models are at least partly painted white—almost unheard of three years ago. . . . You may be able to have car tires to match your wife's costume: Detachable sidewalls in six "fiesta" colors will be available soon. . . . A new compound of vitamin C and sucrose keeps home frozen fruit tasting fresh, prevents browning of fresh fruit. . . . A large dose of gamma globulin, followed in 24 hours by an injection of Salk vaccine, can and should be used in polio epidemics, say some experts.

# RECORD-BREAKER

## in a record-breaking industry!



### U. S. Royal 4 Rotary Hose

Over 53,500 wells drilled last year—an increase of over 64% since 1941...

Over 215 million feet drilled—up nearly 116% since 1941.

Depths ranging from 4,000 feet to over 4 miles—when but a few years ago 10,000 feet was rare!

Great depths require great pressures to be handled by the rotary hose that circulates the mud needed to lubricate and cool the drilling bit, flush out the cuttings and control the underground pressures.

Before U. S. Royal 4 Rotary Hose came along, a good rotary hose lasted about 18 months and drilled between 80 and 90 thousand feet.

BUT U. S. ROYAL 4 BREAKS ALL RECORDS! Here are some typical performances this great hose has

turned in:

- 300,000 feet drilled, (instead of just 90,000) over a space of 3 years.
- 3,500 pounds pressure has been delivered by this hose when required by working conditions. This "spud-to-pay" hose has gone to well over 16,000 feet depth. It exceeds API specifications.

Records like these make drillers insist on U. S. Royal 4. Yet records like these are not unusual with "U. S." for "U. S." builds into every product it makes, whether it be industrial hose, conveyor belts, expansion joints, or plastic pipe—that extra performance and durability that breaks records in efficiency, economy and long life. Get in touch with any one of the 27 "U. S." District Sales Offices or write us direct.



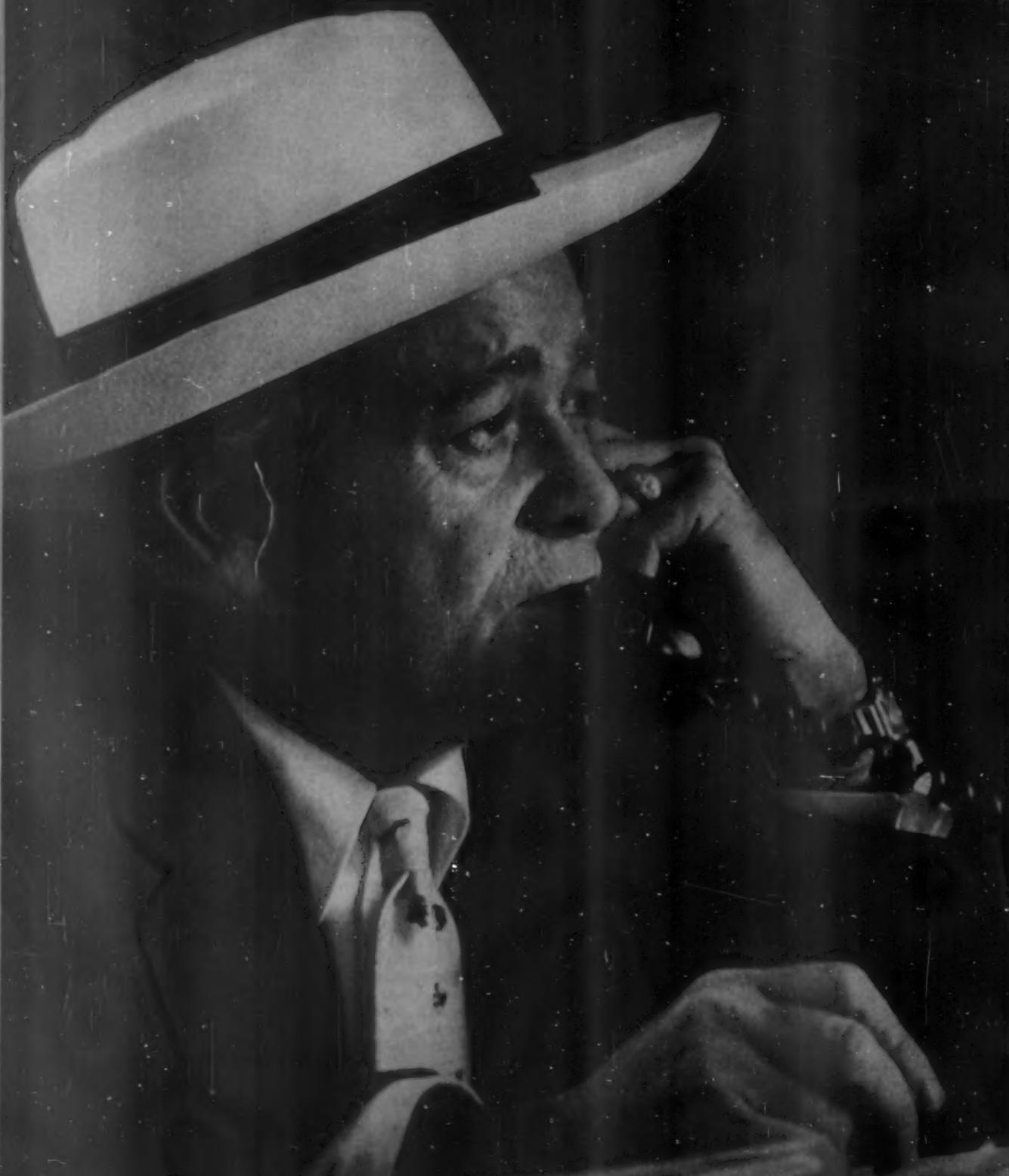
"U. S." Research perfects it . . . "U. S." Production builds it . . . U. S. Industry depends on it.

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COMPANIES

# A Trucker



# Who "Just Wanted to Show Them"

Fifty-year-old Richard R. Riss (picture left) is a big power in a young and growing industry. He is chairman of the board of Riss & Co., one of the country's largest trucking lines.

Starting with a one-truck operation in Colorado Springs 30 years ago, Riss has built up to 3,500 employees, 500 diesel tractors and 1,300 trailers for over-the-road hauling, 350 tractors and 225 trailers for local pickup and delivery, and millions of dollars' worth of offices and terminals. Net profit of Riss, a family-owned company, was around \$3-million last year.

• **Familiar Name**—On highways between the Rockies and the Hudson, motorists can't miss seeing the Riss name. It's splashed in king-sized letters on trailers in truck traffic everywhere. In a recent lineup of trailer trucks at a Pennsylvania Turnpike weighing station, 70 out of 154 units belonged to Riss. Riss is a big user of this turnpike.

Now Riss is expanding into New England, buying the Jarman Transportation Co. of Hartford.

• **Innovator**—Besides motorists, others are aware of Riss's existence—for different reasons:

• Competitors have to keep an eye on Riss & Co. The trucking industry carried 10% of the nation's freight ton-miles before the war; it carries more than 25% now (BW-Mar.12'55,p182). Riss & Co. has grown still faster. Today it carries eight times as much ton-mileage as before the war, grosses 18 times as much revenue.

• Truck builders look to Riss for innovations in equipment design. Riss pioneered lightweight stainless steel trailers. Riss pioneered two-man driver teams with sleeping accommodations in cabs, also air-conditioned trailers.

• Railroads know Riss is around. The company last fall filed a \$90-million conspiracy suit against 85 railroads and four railroad associations. Twenty-four railroads joined in a countersuit seeking \$100-million.

Richard Riss likes living in this sort of excitement. He's a restless man who is constantly thinking up new ways to make a profit. From his elegant office



WEIGHING STATIONS swarm with Riss trucks. Here a Riss truck waits its turn.

in the 12-story Riss Building in Kansas City, he ranges far and wide on his 37,000 miles of truck route, said to be the longest trucking line in the world.

"This is a rough and tumble business," he says. "We got stronger, and the weak ones have died off. We have to keep getting stronger in order to survive."

Riss's son, Robert, 28, oversees the day-to-day operations of the company, as president. But it is the elder Riss who directs the long-range strategy. He makes policy on the principle that borrowed capital and good management are an unbeatable combination.

• **Sure Thing**—From boyhood, Riss has liked to take the long gamble—after studying the odds hard enough to be sure it was virtually impossible to lose. He recalls that, when he was a boy, his father was continually astonished by the way he bought things on credit.

"I remember I said to him one time: 'Dad, there's one big difference between you and me. You never have a new suit because you can't pay for it. My suits are worn out before I pay the bill.'"

• **Played Baseball**—Riss was one of six children of a railroad yardmaster in Poplar Bluff, Mo. While in high school, he worked part-time for a banana merchant. When he graduated,

he went to Colorado Springs, where a friend in the grocery business had offered him a job.

Riss had played baseball in high school and in a Sunday semiprofessional league. In Colorado Springs, he was introduced to Eddie Pick, manager of the local team and later prominent as a major leaguer. Pick invited him to try out for the team.

"I put on a real performance," Riss recalls. "I fielded all the hard ones they hit at me, and I hit everything in sight when I was at bat. Pick persuaded his father to give me a job as a salesman in his produce business, so I could play for him. By that time, the sports writers had given me a big buildup. There was a big crowd on hand when I got in my first game. I made nine errors in three innings. Finally I got so embarrassed that I faked a leg injury and limped off the field."

• **Fork in the Road**—That was the turning point of Riss's career. He decided he had no future in baseball, gave up his earlier dream of a major league career, and began really working at his produce-selling job. The more he studied the produce business, the more firmly he was convinced of its opportunities for profit—if he went into business for himself.

He traded his car, plus a note for

**RICHARD R. RISS** is a truck titan who says borrowed capital and good management can't lose.

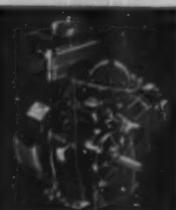
# THERE'S JUST NO END

## TO THE END USES OF CONTINENTAL RED SEAL® POWER

Within Continental's range, from two to 1,100 horsepower, it would be hard to name a type of engine-driven product—vehicle, aircraft, boat, or industrial machine—of which one or more of the leading makes do not rely today on Continental power. As might be assumed from the current trend toward greater specialization, the list of such applications is longer than ever before. The field of Red Seal usefulness has broadened to the point where—as this list suggests—there is almost no end to the industrial uses of dependable Continental power.

Air Compressors . . . Air Conditioners . . . Airplanes . . . Backfillers . . . Balers . . . Binders . . . Blowers . . . Buses . . . Bulldozers . . . Combines . . . Commercial Boats . . . Concrete Mixers and Pavers . . . Conveyors . . . Cranes . . . Crop Dusters . . . Derricks . . . Ditchers . . . Drill Rigs . . . Earth Borers . . . Earth Movers . . . Electric Welders . . . Elevators . . . Ensilite Cutters . . . Excavators . . . Farm Tractors . . . Gathering Pumps . . . Graders . . . Hay Loaders . . . Heavy Engine Starters . . . Helicopters . . . High Lifts . . . Hoists . . . Industrial Tractors . . . Irrigation Pumps . . . Loaders . . . Lumber Carriers . . . Materials Handlers . . . Oil Field Machinery . . . Parcel Delivery Trucks . . . Pile Drivers . . . Pipe Benders . . . Portable Generators . . . Rail Cars . . . Rollers . . . Rock Crushers . . . Saw Mills . . . Separators . . . Shovels . . . Snow Plows . . . Sprayers . . . Street Flushers . . . Street Sweepers . . . Threshers . . . Trainer Aircraft . . . Transit Mixers . . . Truck Tractors . . . Warehouse Trucks . . . Winches, and many others.

Continental also builds 4-cycle air-cooled models, from 2 to 3 h.p., for many industrial and farm applications, both conventional and vertical shaft. (AU series illustrated.) Advanced engineering gives them easy starting, high dependability, and unusual logging capacity at low speeds. For information, address Air-Cooled Industrial Engine Div., 12800 Kercheval Ave., Detroit 15, Mich.



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1292 OAKLEIGH DRIVE, EAST POINT (ATLANTA) 6A



THE BOSS (right) talks to son Robert Riss (center), company secretary S. W. Bell.

\$1,060, for an old Reo truck. He drove to the farms and orchards near Colorado Springs and bought produce for quick resale in the city. Within a month he was able to pay off the \$1,060 note.

The next step for the 20-year-old businessman was to move to Salida, Colo., which had no produce house though it was close to big farm regions. He acquired several small trucks, bought ripe fruit cheaply and sold it fast at high prices, directly from the trucks.

• **Into Trucking**—Four years later, Riss hit on the idea of hauling Colorado fruits and vegetables to the Rio Grande Valley, buying citrus fruits there for sale in Colorado.

"Everybody thought I was nuts," he says. "Back in 1929 they said nobody could haul perishables more than 1,500 miles by truck. I just wanted to show them."

He got a handsome new semi-trailer, the first in Colorado, and made \$900 on the truck's first round-trip. That launched him in the trucking business. He began hauling commodities for other shippers.

"I made \$19,000 my last year in the produce business," he recalls. "I lost \$50,000 the first year in truck operations." But he learned from experience, and showed a \$55,000 profit in his second year.

• **Expanding Eastward**—The mountain roads to California were then in miserable condition, while the first modern highways were being built toward the east. Riss expanded to Kansas City, then to Chicago. He moved his headquarters to Kansas City, more central than Colorado, and put Eddie Pick, his old baseball pal, in charge of the office. Pick is now a vice-president and holds the only 10% of the com-

pany's stock that isn't owned by the Riss family.

• **Certified**—By 1935, the trucking industry had grown so fast and so haphazardly that the Interstate Commerce Commission decided to begin certifying truck routes. Riss had no trouble getting authority to continue his operations in the area between the Rockies and Lake Michigan.

"I went to one of those ICC hearings," he says, "and I heard all these attorneys for the railroads get up and introduce themselves as representing receivers for this and that railroad. When my turn came, I got up and said: 'Richard R. Riss, representing Riss & Co., not in bankruptcy.' They almost threw me out of the hearing."

Next, in 1940, Riss got an East Coast outlet by acquiring Monark Motor Freight, a company almost as big as his own. In 1941 and 1942, he lost \$400,000 on the combined operation. Revenues dwindled to the end of the war, then began building up fast: \$2.6-million gross in 1946; \$5.5-million in 1947; \$13.7-million in 1949; \$21.4-million in 1951; \$29-million in 1953.

## I. The Business Side

"A human adding machine and a walking blueprint" is what his associates call him. They refer to his ability to rattle off statistics about his company and the exact dimensions of his terminals and office buildings. Right now, he is deep in real blueprints for a new venture outside the trucking field.

This spring he bought the John Wanamaker store and warehouse in New York. He has leased the eight-story store annex to the phone company, but he is converting the 14-story main store into the city's first merchandise mart (BW—May 7 '55, p50).

• **Never Satisfied**—Riss keeps himself up to the ears in blueprints, too, for new equipment and new cargo-handling terminals. He is never satisfied with standard equipment; he keeps driving his men to find better ways.

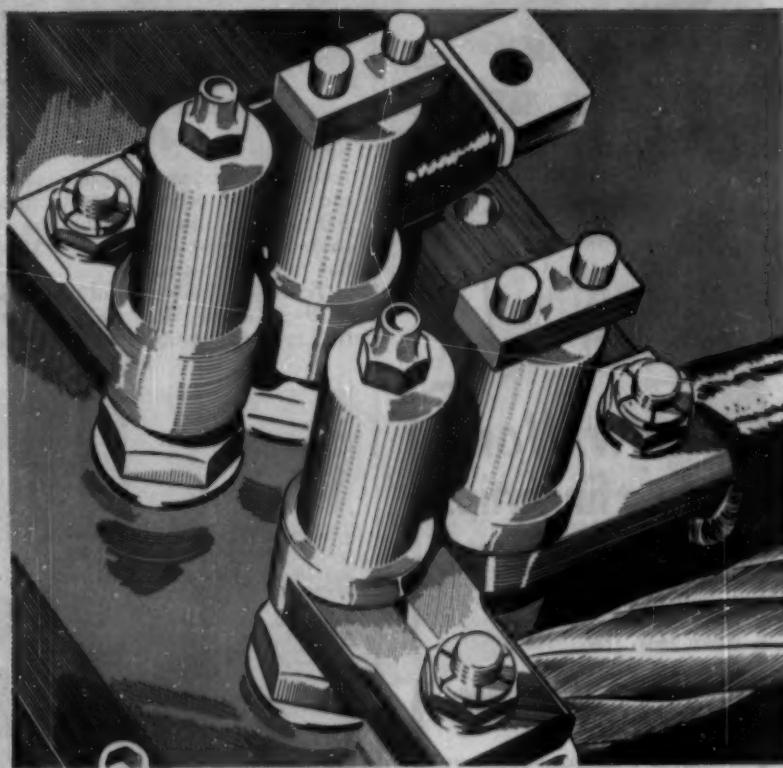
That's how he got the new tractor units, being built by General Motors Corp. Harvard's School of Public Health helped to determine factors of comfort and safety in the arrangement of the cab. Controls and gauges are positioned for the greatest convenience and least fatigue for the driver.

Riss operates more than 400 air-conditioned trailers that refrigerate meat on one trip and keep chemicals, drugs, or other products at an even temperature on the way back.

## II. Ready to Fight

Riss and his son Bob are not the kind who shy away from a fight. They think, for example, that the railroads

## FLEXLOC AT WORK



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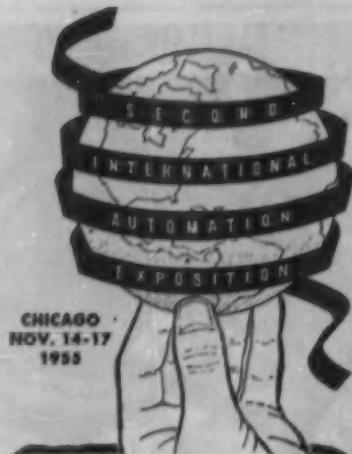
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are responsible for much of the restriction and bad publicity that often confronts the truckers. And, unlike most truckers, they have no qualms about saying so.

Riss & Co. last fall backed up its feelings by filing a \$90-million suit against the railroads, charging that they and the four big railroad associations have "conspired, combined, and attempted to restrain and monopolize" the nation's overland transportation system. The company claims the railroads have spent not less than \$1-million to attain this aim.

• **Tenets**—In his creed of opposition to the railroads, Riss deplores some truckers' participation in the railroads'

piggyback hauling of trucks. He thinks they may wake up some day to find they have forfeited their over-the-highway routes.

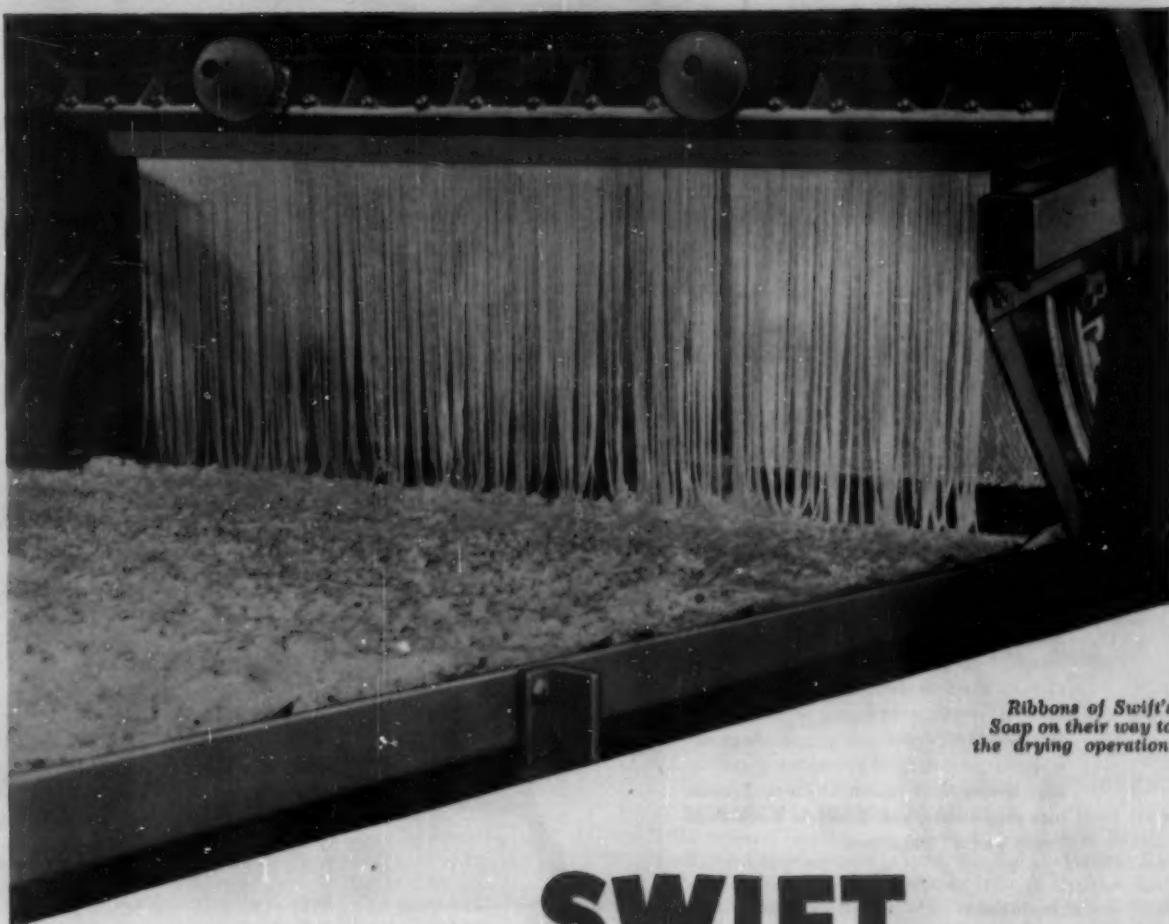
He favors improvement of the highway system but fiercely opposes the ton-mile tax. This tax is cumbersome to administer, he says—23 Riss employees work full-time on these tax records. And, he adds, the basic principle is faulty. He denies that cost of a highway increases in direct proportion to the weight placed on it—the weight distribution is more important, he says. He argues that fuel taxes and license fees are the only fair means of collecting revenue to build and maintain roads.



NO DETAIL is too small for Riss. Here, he checks up on company safety patrol.



MAINTENANCE is almost a mania with the boss, who's inspecting terminal garage.



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Soap on their way to  
the drying operation.

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# News from BUSINESS WEEK'S BRIEFCASE

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30,000 WORDS

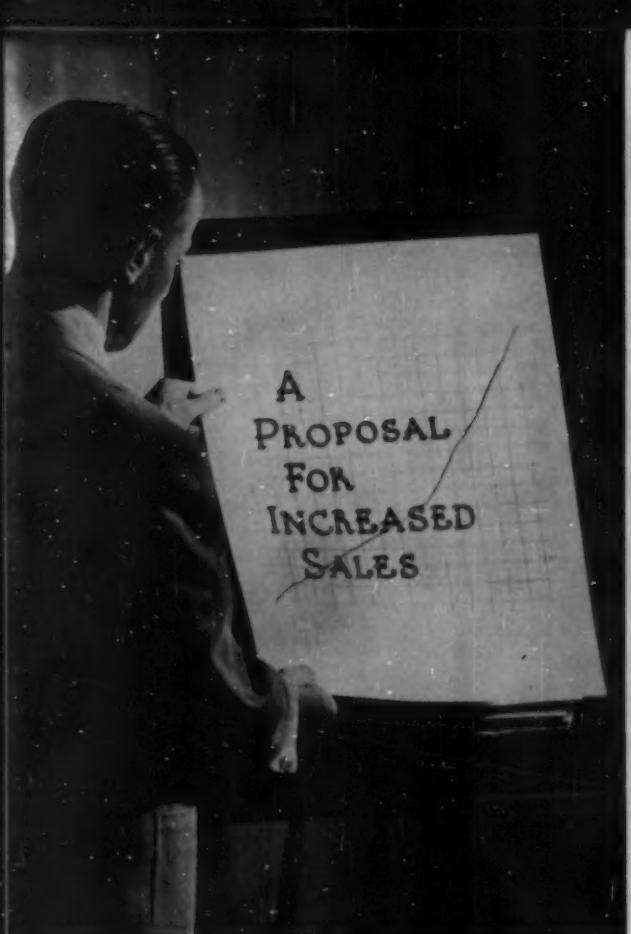
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A BUSINESS WEEK STORY

Here Kenneth Kramer, Managing Editor, and Eugene Miller, Associate Managing Editor, review the 30,000-word report from Business Week correspondents on a "National Survey of Retail Sales." Before management readers got the story in the March 19 issue, field reporters interviewed retailers in 24 key cities. The resulting story, edited to less than 1,000 words, showed retailers enjoying a boom. All Business Week reports are prepared against a similar backdrop of interviewing and research—one more reason why management men consistently vote Business Week their "most useful" magazine.

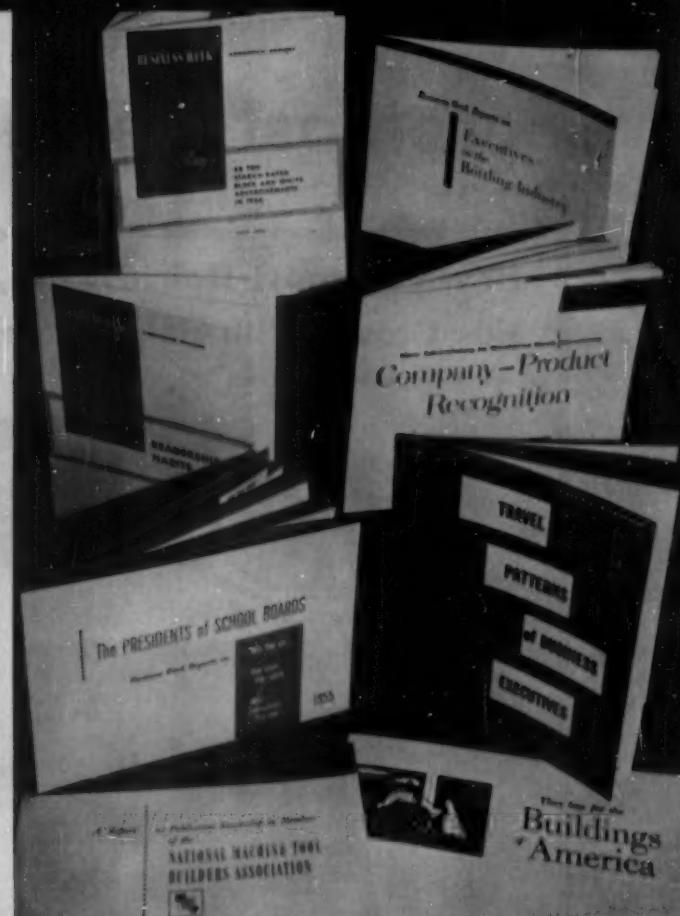


**BUSINESS WEEK IN THE CLASSROOM . . .** The Guaranteed Annual Wage was under careful study last month by advanced students at the University of Houston in Dr. John P. Owen's course on "Contemporary Economic Problems." Textbook for the two-week course: Business Week's Special Report on the Guaranteed Annual Wage, published in the April 9 issue. Management men, too, are studying this Business Week Report—as evidenced by their orders for nearly 5,000 reprinted copies.



## A PROPOSAL FOR INCREASED SALES

**HOW 35 AGENCIES SOLICIT A MAJOR ADVERTISER . . .**  
During recent months, 35 agencies have solicited the advertising account of a major manufacturing company. Each of the agency presentations featured a single theme: A report on this company's marketing program, published recently by Business Week. Here's further evidence of Business Week's editorial authority . . . its usefulness when there's a selling job to be done.



**NEW RESEARCH STUDIES AVAILABLE . . .** Here are some of the 1955 research studies just released by Business Week: 52 top Starch-Rated Advertisements in 1954; Readership Habits; Travel Patterns; Studies among members of the National Machine Tool Builders Association, Bottling Executives, Presidents of School Boards, and Building Managers. Copies are available from Business Week Research Department, 330 West 42nd Street, New York 36, New York.



### BUSINESS WEEK GOES TO SELLERAMA SHOW . . .

Last month at a "Sellerama" Sales Meeting for 250 dealers and salesmen, the Steel Building Division of Butler Manufacturing Company, Kansas City, (a consistent advertiser in Business Week) unveiled a completely new line of pre-engineered metal buildings. Also introduced at Sellerama were new and better selling techniques designed to increase sales. Holding up the giant Business Week cover on display at Sellerama are Chris Stritzinger (left), Butler's Advertising and Sales Promotion Manager, and Wilbur B. Larkin, Steel Building Division Manager.

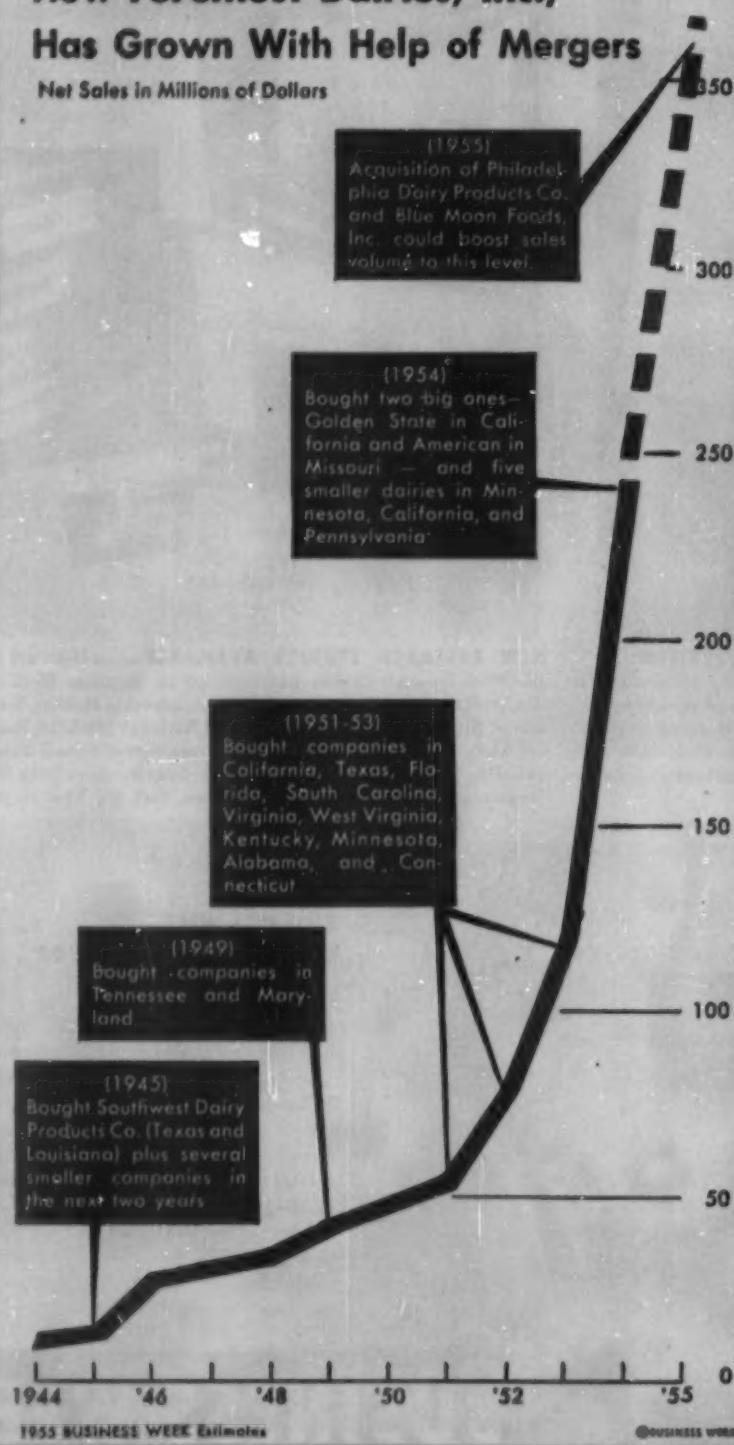
# BUSINESS WEEK

330 WEST 42nd STREET  
NEW YORK 36, N. Y.

# Foremost: Fastest-Growing Dairy

## How Foremost Dairies, Inc., Has Grown With Help of Mergers

Net Sales in Millions of Dollars



An aggressive program of acquisitions (chart) is carrying Foremost Dairies, Inc., toward the top of the national heap. From 1948 through 1954, it acquired 48 companies—more than any other company (BW—May 21 '55, p. 33). And the program is continuing this year.

In the latest fiscal year, Foremost ranks fourth in annual net sales among dairy companies, with \$247-million. That puts it behind National Dairy (\$1.2-billion), Borden (\$777-million), Beatrice Foods Co. (\$287-million).

One other company in the general dairy field also exceeds Foremost's sales—Carnation, with \$310-million, but it is regarded in the separate category of process specialists.

Foremost isn't resting on its oars. Since the first of the year, it has acquired two other big companies: Philadelphia Dairy Products, Inc., and Blue Moon Foods, Inc., each with about \$50-million in annual sales. These acquisitions are typical of Foremost's reach for greater volume in the higher-profit manufactured products of milk.

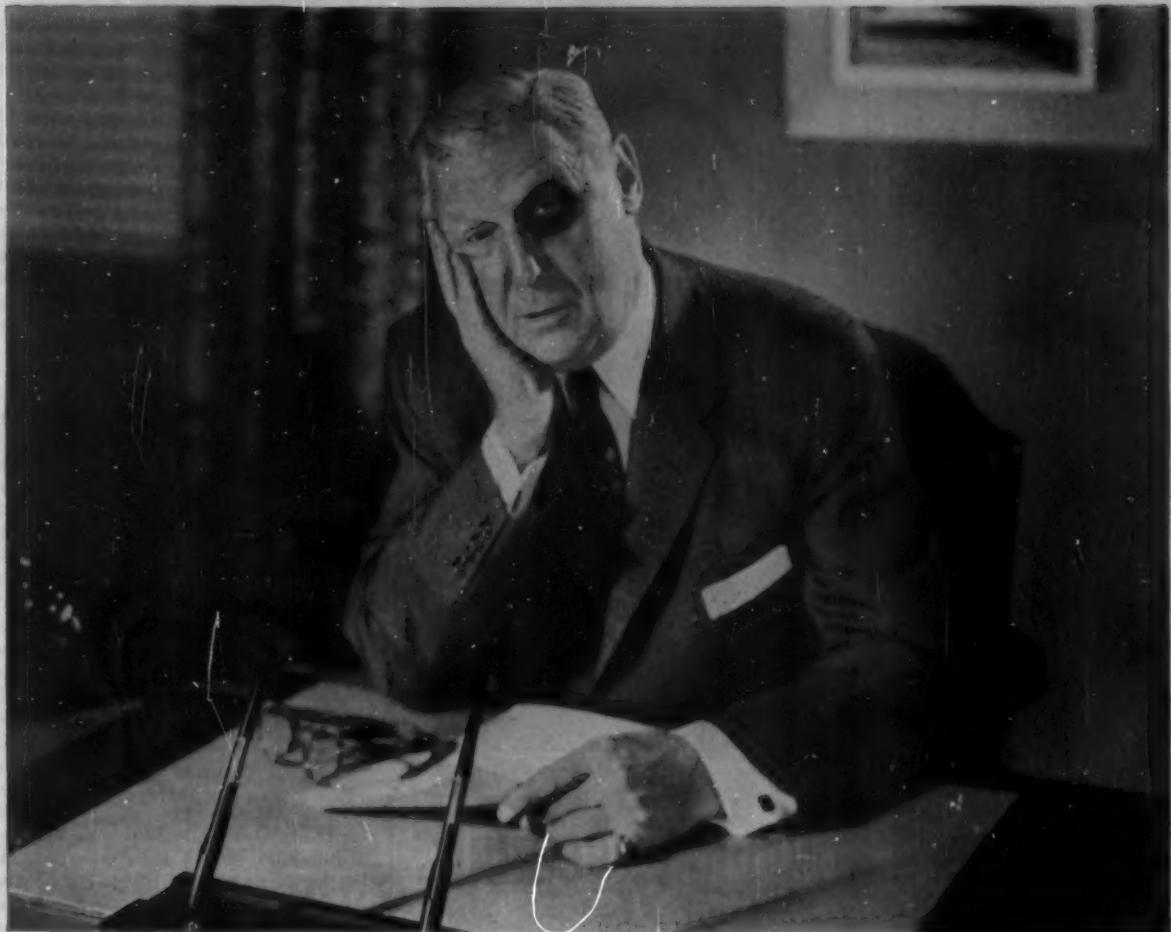
Also this year Foremost has taken over four smaller dairies and El Dorado Oil Works of Oakland, Calif., one of the world's biggest producers of coconut oil, a major ingredient of imitation ice cream.

• **Doubling Up**—It's unlikely that Foremost can continue to double its sales in one year, as it did from 1953 to 1954. Those calendar years compare like this: \$117,154,492 net sales in 1953 and \$247,379,029 in 1954. The chief factor was the merger with Golden State Co., Ltd., biggest dairy distributor in California, on Feb. 25, 1954. During the year, Foremost also picked up American Dairies in Kansas City, Mo., and five others in Minneapolis, St. Paul, San Diego, and Butler, Pa.

Meanwhile, the No. 3 company, Beatrice Foods, gained from \$275-million in the year ended Feb. 28, 1954, to \$287-million in the year that closed last February. Beatrice Foods, too, had a major acquisition, Creameries of America, Inc., midway through last year.

• **Transcontinental Axis**—Foremost's nationwide character is stressed by the location of its two main executive offices. Board Chmn. Paul E. Reinhold makes his headquarters in Jacksonville, Fla., is chiefly concerned with finance and mergers. Dr. Grover D. Turnbow, president, operates from the San Francisco office of the Golden State division.

Foremost was born in Jacksonville, has great sales strength in the Southeast. The company is gathering strength in the Wisconsin-Minnesota milkshed,



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James A. Compton, chief engineer—fuels, tells how PESCO developed:

## "The pump that couldn't be built"

*"Building a line-mounted fuel booster pump for the new North American Aviation FJ-4 jet fighter was one of our most difficult jobs. Sure, we'd cracked many tough problems before . . . like developing the first fuel pump for the first U. S. jet plane. But this was different! Military experts had already said that 'it couldn't be built'."*

*"We searched for an alternate solution, but the extremely thin wings of the FJ-4 prevented using standard submerged pumps in the wing tanks. So we went to work, and because we refused to give up, we built the so-called 'impossible' pump. It's known as Model 122913—the first centrifugal impeller pump ever perfected for a line-mounted fuel transfer application. Weighing only 7½ pounds, it can pump boiling fuel, run 'dry' for 15 hours and reprime itself."*

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is spreading its coverage in the Middle Atlantic and New England areas, has beachheads in the Gulf States and the Southwest, and by virtue of the Golden State merger is top dog in California.

Including its wholly owned subsidiaries, Foremost operates 215 plants in 30 states.

• **Growing Up**—A dairy company has about the same reasons for expansion as a steel producer or a grocery chain: bigger volume and a wider spread of overhead costs. It also benefits by wider geographical distribution that insures against the effects of purely local business slumps.

Foremost started modestly in 1929 as an offshoot of the purebred cattle hobby of J. C. Penney, the chain store executive. Penney pulled together half a dozen small dairies in the Florida area and named the new company after his prize Guernsey bull, Foremost. After a couple of years of indifferent success, Penney—who is still a Foremost director—hired Reinhold as manager, and things began to move.

• **Chmn. Reinhold**—As a boy in Verona, Pa., Reinhold had learned the dairy business in 1911 at the hickory handle of an ax with which he chopped ice in the Allegheny River for his father's small ice cream business. He also delivered the ice cream by pushcart to Verona stores. When his father sold out in 1931, Reinhold went south for his health, hooked up with Penney.

Reinhold took a scientific approach to the dairy business. He studied the dairy herds and the pasturelands of Florida and neighboring states and decided he would have to tackle the problem literally at the grassroots. Soils that had long since yielded up their fertility to cotton and tobacco weren't developing enough nutrition in grasses to enable cows to produce milk of sufficient quantity and quality, he found.

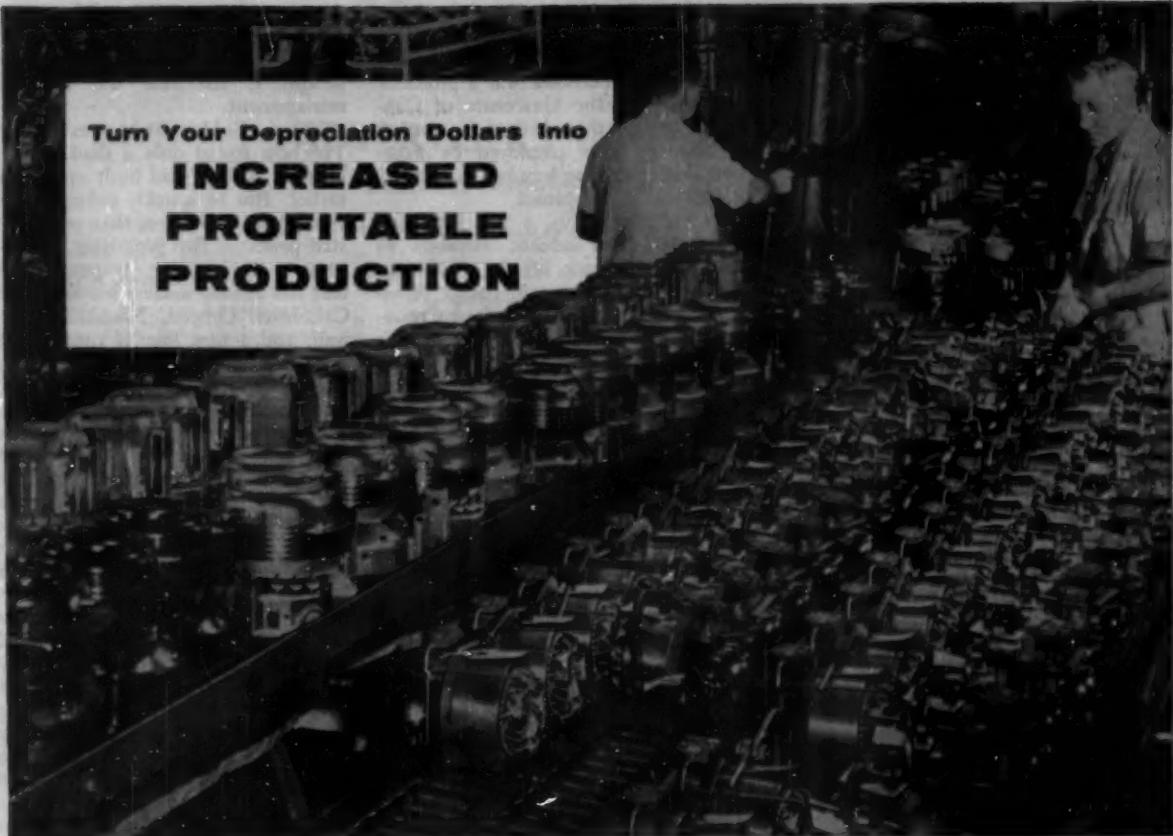
He worked with farmers and state agronomists to experiment with imported grasses. He set up the Foremost Foundation Fund to study climate and soil, new forage crops, and the possibilities of the sweet potato as a supplement to bovine diet in Florida.

To finance improvements in farm practice, he got banks to set up revolving funds to tide farmers through the lean seasons—Foremost guaranteed the top 25% of the loans. This activity won him a place on the board of directors of the Sixth Federal Reserve Bank and the chairmanship of its agriculture committee.

For the past four or five years, the Southeast milkshed has been self-sustaining, and last summer Reinhold and his associates had the satisfaction of seeing Florida chalk up the first milk surplus in its history.

• **Pres. Turnbow**—In his widening





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**Plastics: New England Community will finance** new building for plastics manufacturer through charity foundation. Arrange package deal and train labor. P-6810, **Business Week**.

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reach for new markets, one of the assets Reinhold acquired was Dr. Grover D. Turnbow, a college professor turned businessman. Turnbow was a professor of dairying at the University of California—no less than 160 of his former students are now employed by Foremost, and there are hundreds of others in competing companies.

In the late 1920s, a San Francisco brokerage house induced Turnbow to trade the academic life for a fling at business. He was put in charge of organizing a new dairy, Standard Creameries. Just before the 1929 bust, this was sold to Borden, and Turnbow came out with a neat bundle of cash from his stockholdings. He helped organize Creameries of America (the company that Beatrice Foods acquired last year) and served as general manager until 1938, when he switched to a similar post at Golden State.

When Turnbow left Golden State in 1945 over policy disagreements, he was vice-president, general manager, and the second largest stockholder.

**Strong on Research**—Turnbow's academic background shows itself in his passion for research. At Golden State, he built up a research staff of more than 100. When he left there, he set up two new companies—International Dairy Supply Co. and International Dairy Engineering Co.—to perfect some ideas that had been rattling around in his head.

One of these was a technique for removing the water that makes up 87% of the content of milk, in such a way that the remaining butterfat and milk solids could be separated, then later recombined with water—and still taste like fresh milk. If this worked, it could be shipped, without refrigeration, at a fraction of its cost as whole milk.

It did work. In 1948, the Army liked it well enough to buy it for the occupation forces in Japan. Turnbow set up processing plants in Kokura and Kobe, Japan, and produced enough recombined milk for both the U.S. Army and many Japanese civilians. Foremost now has five plants in Japan, others in Honolulu, Guam, Okinawa, and Hong Kong. Recombined milk started going to American troops in Korea last January. The Hong Kong plant produces exclusively for civilians; the others, chiefly for the armed forces.

**Joining Hands**—Meanwhile, Foremost acquired Turnbow and his companies in 1951, then tried to buy Golden State and its big California market. Failing temporarily in its bid for the big dairy, Foremost bought some smaller companies in the San Francisco area. Then Golden State had a change of heart and agreed to a merger.

In all its mergers, Foremost looks for management among the assets of

the absorbed companies. Turnbow remarks that the best feature of American Dairies, Kansas City, when Foremost bought it last year was its young management.

When Golden State was acquired, Turnbow found only a shadow of the research staff he had built up a decade earlier. But he quickly enlarged it and revitalized it. In less than a year, the staff perfected two promising new products: a fresh-tasting evaporated milk that has already made a hit in northern California, Oregon, Nevada, and Hawaii, and a new line of canned, sterilized milk products for export.

**• How It Pays Off—**Why is research so important in the dairy business? The answer is simple. Fluid milk—drinking milk—is the meat and potatoes of the dairy industry; manufactured products, the result of research, are the dessert.

The greater profit in manufactured products, such as butter, cheese, ice cream, cottage cheese, stems from two facts: (1) The raw material is cheaper at the dairy farm than the milk that finds its way into bottles; (2) value is added to it in the manufacturing process.

You can see Turnbow's hand in the statistic that, in California, the per capita consumption of cottage cheese is 7 lb. per year; in the U. S. as a whole, it's only 2 lb. a year. Turnbow is also regarded as an authority on ice cream, and Foremost is pushing that product, too. Blue Moon and Philadelphia Dairy Products deal primarily in manufactured products.

**• Product Rations**—These developments could make quite a change in Foremost's sales balance. Last year, only one-third of the company's sales were in manufactured products; the rest was in fluid milk, cream, chocolate milk, buttermilk.

Another ratio is more favorable for Foremost. Of its fluid milk sales, two-thirds are by delivery to retail stores. Just as the manufactured milk products yield greater profit than fluid milk, so do sales of fluid milk to stores produce greater profit than deliveries to homes.

For one thing, of course, it's cheaper to deliver a truckload of milk to one store than a few quarts to a house. Even more influential in the economics, though, is the store-to-home relationship of milk prices. Store prices are pegged at a penny or two a quart less than the prices fixed by states for home deliveries.

A distributor can afford to take a narrow margin on the milk he delivers to homes if he can maintain big sales volume through stores. In California a few years ago, the competition for big-volume outlets was so fierce that dairy distributors were buying supermarkets (Golden State still owns nine) and grocery chains were taking on "captive" creameries.

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# OTC: Next Step in Expanding Trade

Congress is to be congratulated on renewing the Reciprocal Trade Agreements Act substantially as proposed by President Eisenhower in H.R. 1. This measure is the backbone of the Administration's program to give the U.S. a foreign trade policy that matches our political and economic position in the world.

Now Congress is considering another part of the President's trade program—a bill authorizing U.S. membership in the proposed Organization for Trade Cooperation. OTC would be charged with the responsibility for administering the General Agreement on Tariffs & Trade (GATT) in which the U.S. has participated. The President feels, rightly we believe, that this new international body, whose existence hinges on U.S. membership, is essential if our own trade policy is to pay off.

## Working Together

Authorizing a new agency to administer GATT, which itself has struck many Americans as a peculiar and complicated venture in internationalism, might seem like jumping from the frying pan into the fire. In fact, there is nothing complicated or mysterious about GATT or OTC. GATT is simply a many-sided trade agreement, involving reciprocal exchanges of concessions on tariffs and other trade barriers by 34 nations (BW—Jun. 11 '55, p140).

Since GATT's creation in 1947, the U.S. has been a member by executive act, rather than by legislation. Leaders in Congress have claimed that GATT violated their own constitutional tariff-making powers. But it is hard to dispute the Administration's contention that U.S. membership in GATT is consistent with the fundamental principles of our reciprocal trade program.

## Cooperation—Not Coercion

In the troubled postwar years, there is no doubt that GATT has been a valuable instrument for increasing trade. It has been responsible, in part, for preventing the kind of trade warfare that was chronic in the 1920s and 30s. Through voluntary cooperation in GATT, the nations of the free world have whittled away at high tariff walls and a massive accumulation of restrictive and discriminatory barriers on trade.

Now the 34 nations abiding by GATT are seeking to formalize this loose but effective cooperative effort. This would be done by setting up the OTC as a permanent body to administer, and improve, the existing agreements.

OTC would be a forum for international consultation on trade and it would conduct a continuing study of trade problems. But it would not itself conduct negotiations or have the power to establish rules.

It would be responsible for seeing that the OTC member nations observe the rules they themselves set down.

This would be done mainly through moral suasion, which is basic to the Administration's own concept of forming a genuine and lasting relationship between the nations of the free world.

In this respect, it is very different from the concept underlying the ill-fated International Trade Organization. The ITO was supposed to have integrated trade on a global basis. It was to have authority not only over tariffs, but over investment and commodity practices—and even over domestic policies that affected trade. Clearly this would have involved a redelegation of authority.

The OTC has no such scope. It is not visionary. It will have no supernational power. On the contrary, it is a practical, down-to-earth way for member nations to come to grips with the problems of expanding world trade. The very fact that it has a clearly defined task should enhance its effectiveness.

From an American standpoint, the administration of GATT by the OTC would guarantee that the progress already made would be protected. We have gained as much as any nation from GATT. And we stand to gain still more if the system becomes stronger.

Under GATT's multilateral system, individual nations make greater concessions than they do in bilateral bargaining. That is because they benefit from simultaneous concessions on the part of all their trading partners. Every nation thus gets a better quid for every quo than it can in bilateral negotiations.

GATT also provides for reducing and eliminating quotas and other trade controls. The U.S. has been one of the main targets of these non-tariff restrictions, which cause more damage to trade than tariffs, because they set definite ceilings on imports. Many of these restrictions were the inevitable result of the dislocations resulting from war, but once established, they became difficult to dislodge. And to date not much progress has been made.

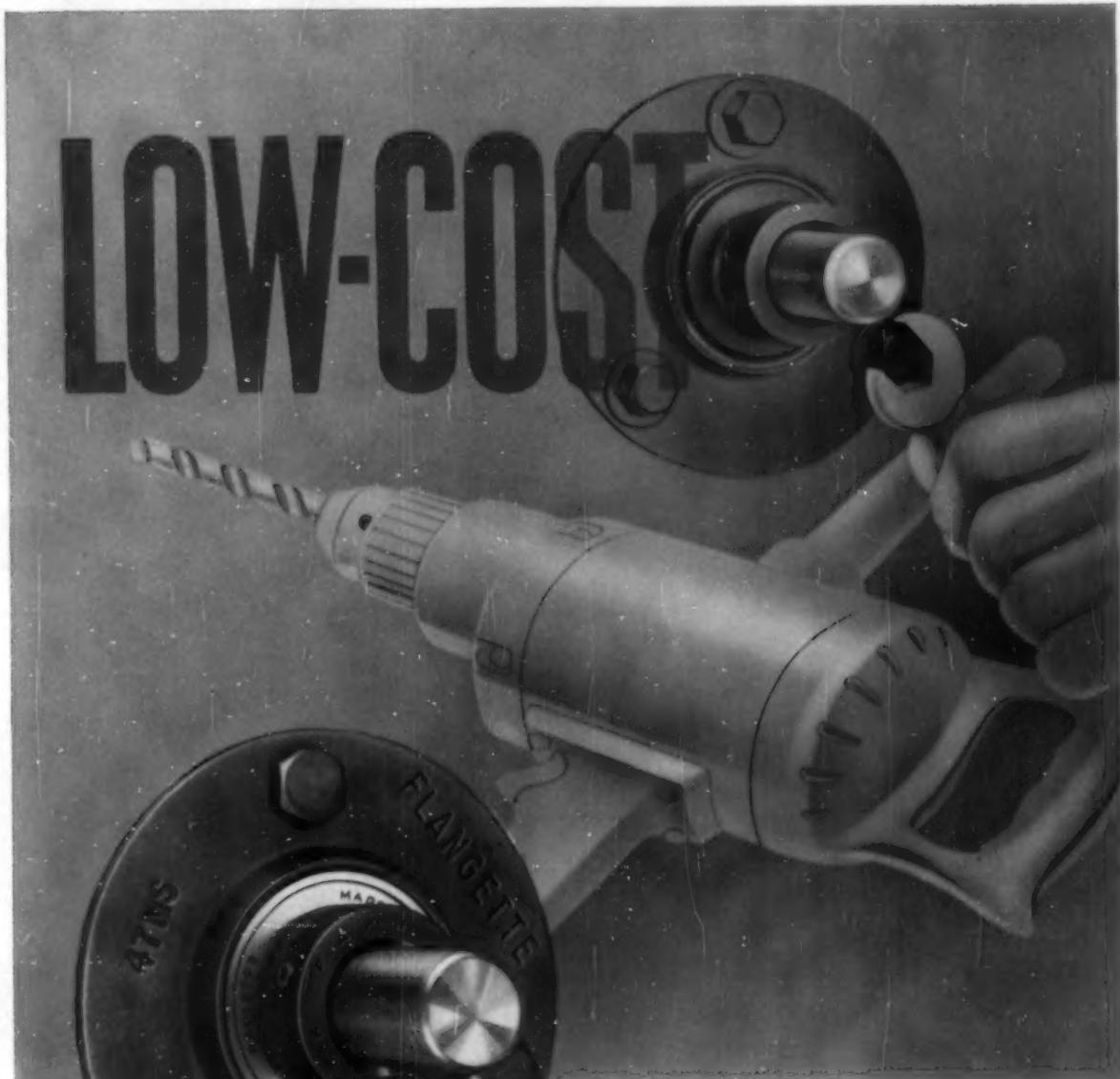
Through GATT, the restrictions that still limit our exports have been offset by provisions favorable to us. Our domestic agricultural market is protected and there is an escape clause, which permits us to withdraw specific concessions if, due to unforeseen circumstances, imports should seriously injure domestic producers.

## To Secure Peace

The establishment of OTC will bring no miraculous changes. But it will help expand trade, which will contribute to the Administration's larger goal—world peace.

Our efforts to secure peace are based on a complex program to strengthen the entire free world. We have made a great deal of progress. It is in our interest to continue the job by joining OTC. This will let the world know that our economic policies are consistent, not capricious.

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